

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
NEVADA COMMUNITY SCHOOL DISTRICT
NEVADA, IOWA

For the fiscal year ended June 30, 2012

OFFICIAL ISSUING REPORT

Brian Schaeffer

District Secretary/Treasurer,
District Business Manager

OFFICE ISSUING REPORT

Business Office

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Introductory section



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December 10, 2012

Members of the Board of Education and Residents
Nevada Community School District
Nevada, Iowa

The comprehensive annual financial report (CAFR) of the Nevada Community School District (the "District") for the fiscal year ended June 30, 2012, is hereby submitted. The District is an independent entity governed by a five-member board. Responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with the management of the District. We believe the data presented is accurate in all material respects; the data is presented to fairly set forth the financial position and results of operation of the entire District as measured by the financial activity of the various funds; and all necessary disclosures have been included in order to enable the reader to gain the maximum understanding of the District's financial affairs. The District is not included in any other reporting entity, nor are any other entities included within this reports.

This report is prepared in conformance with generally accepted accounting principles (GAAP) for governments as promulgated by the Government Accounting Standards Board (GASB). This report is consistent with the legal reporting requirements of the State of Iowa. In addition to meeting legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, intergovernmental agencies, creditors, and the Board of Education.

Hunt & Associates, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended June 30, 2012. This firm performs the annual audit in accordance with Chapter 11 of the Code of Iowa. The independent auditor's report is located at the front of the financial section of this report.

The comprehensive annual financial report is presented in the following four sections:

1. The **introductory section**, which is unaudited, includes this letter of transmittal, a list of the Board of Education, a list of principal District officials and an organizational chart.
2. The **financial section** includes the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplementary information, and combining and individual fund statements and schedules.
3. The **statistical section**, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

4. The **single audit section** included the schedules and various independent auditors' reports required by the Single Audit Amendment of 1996.

The Reporting Entity

This report includes all funds and account groups of the Nevada Community School District. The District is supported financially by state aid, property taxes, state, and federal grants for special projects, and local revenue received for tuition and other services.

The District was established in 1867 and is governed by a five-member elected Board of Education who all serve at-large four-year terms. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The enrollment of the District is approximately 1,472 students, the 65th largest school district in Iowa. The District operates a high school, a middle school, and an elementary school. The District provides a full range of educational services appropriate to students in early childhood and grades kindergarten through twelve. These services include basic, regular and enriched academic education, special education for children with special needs, vocational education, and individualized programs such as specialized instruction for students at-risk.

Economic Condition and Outlook

The District is located in central Iowa and enjoys a favorable economic environment. Nevada is the county seat of Story County and is located close to the major Iowa cities of Ames and Des Moines, both sources of employment for citizens of the District. Nevada has an economic development council which employs a full-time director. This council has developed commercial and light industrial parks on the west and southeast sides of Nevada which has attracted many new businesses and industries.

Story County's 2010 population is 89,542. This was an increase of 15,288 residents over the 1990 census figure. Story County's unemployment rate of 4.5% compares favorably to the state's average rate of 5.1% and the national rate of 8.2%. There has been some indication that overall employment in Nevada may be stabilizing after a decline in manufacturing activity in Ames and Des Moines due to the current economic downturn.

Long-Term Financial Planning

The "solvency ratio" (Assigned and Unassigned General Fund Balance divided by Total General Fund Revenues less the AEA Flow-Through amount) used by school districts in the State of Iowa is 12.78% for the District, well above the 5% stated in the Board of Education Policy 703.3 "General Fund Financial Policies". The condition of facilities in the District is good, with both the elementary and high school facilities having undergone extensive renovations and ventilation updates (including geothermal heating and cooling systems) within the past ten years (see below for current work on the High School facility). The Middle School was constructed in 1990 and will need extensive repairs on its roof soon.

Major Initiatives for the Year

The Board of Education continued with expansion and improvement of school facilities during the 2011-12 school year. Phased construction of the remodel of the High School was nearly completed during this time with the remodeling work at the center of the facility opening to classes during the year.

Work continued on the tornado safe room attached to the High School. This facility, which included a new central entrance for the High School and administrative offices, is partially funded by Federal and State Hazard Mitigation Funds from FEMA. To accomplish initial work with the next phase of the High School (see below), staff moved into the administrative offices at the end of the school year.

Work commenced on the auditorium to be attached to the High School. Funds from the local Josephine Tope Foundation of two million dollars, plus community donations, plus \$500,000 of District local option tax funds, contributed to the nearly four million dollar cost of the project. This project was to be completed by October 1, 2012.

During the year, review of the Middle School and remaining non-renovated portions of the High School was completed by architects and engineers. Consensus of the Board of Education was to proceed with the High School completion project and hold an election to issue bonds for the project. This election was held on February 7, 2012, with the help of a community committee for publicity. The issuing of bonds for the project was approved via the election with a 73% majority.

Study and work continued on the goal of providing one-to-one laptop computers to High School students by Fall 2012. Teacher committees were formed at the High School to review one-to-one laptop policies in other school districts. MacBook Pro computers were selected to be used for the one-to-one laptop computers.

During the year, the faculty at the High School learned about Authentic Intellectual Work (AIW) with the help of a grant from the State of Iowa. This work consisted of learning AIW by attending classes to observe AIW being used and bringing back AIW to use in the classroom.

The District began using an on-line employment application system provided by Netchemia called TalentEd Recruit and Hire. This will eliminate the paperwork required with the old application system used by prospective employees.

In April, Mrs. Port, School Improvement Director, reviewed for the Board of Education a new system to be used for on-line registration in the community for the 2012-13 school year. Rather than using paper registration forms, the parents can register on-line via the current PowerSchools Student Information System. This would help eliminate some of the data errors in the system as parents could review the information for their students to be sure the information is correct.

Financial Information

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. To monitor the adequacy of internal controls, independent auditors review internal control procedures as a part of their examination of financial records at year-end.

Budgetary Controls: The District also maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Activities of the general fund, special revenue funds, debt service fund, capital projects fund, enterprise fund and expendable trust funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by program level for all funds combined rather than at the individual fund level.

Annually, the District's Board of Education adopts a budget and approves the appropriations for the general fund, special revenue funds, capital projects fund, debt service fund, enterprise fund, and expendable trust funds in accordance with provisions outlined in the Statutes of the State of Iowa. The budgets prepared on a cash basis list estimates of receipts and disbursements.

Financial Profile: As demonstrated by the statements and schedules included in the financial section of this report, the District is meeting its responsibility for sound financial management. One way this is accomplished is by adoption of a line-item budget by the Board of Education. This budget and the actual expenditures are then reviewed by the superintendent, business manager and Board of Education on a monthly basis.

Most District functions are financed through the governmental fund types, which include the general, special revenue, debt service and capital project funds. Please see the Management's Discussion and Analysis in the Financial Section of this report for detailed information.

Certificate of Excellence in Financial Reporting

The Association of School Business Officials (ASBO) awards the Certificate of Excellence in Financial Reporting. The Nevada Community School District received this certificate for the twelfth time in twelve years for its comprehensive annual financial report for the fiscal year ending June 30, 2011. The certificate is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports.

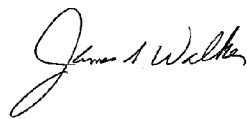
In order to be eligible to receive the certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The certificate is valid for a period of one year only. We believe that our current CAFR conforms to the requirements for this award and therefore, we are submitting it to ASBO to determine its eligibility for this certificate.

Acknowledgement

The preparation of this report could not have been accomplished without the cooperation of all District departments. Thanks also to the Board of Education for providing the resources necessary to complete this report.

Respectfully submitted,



James S. Walker
Superintendent



Brian Schaeffer
Board Secretary/Treasurer/Business Manager

Association of School Business Officials International

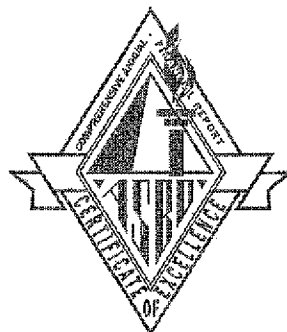


*The Certificate of Excellence in Financial Reporting Award
is presented to*

Nevada Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Brian L. Mee

Brian L. Mee, SFO, RSBA
President

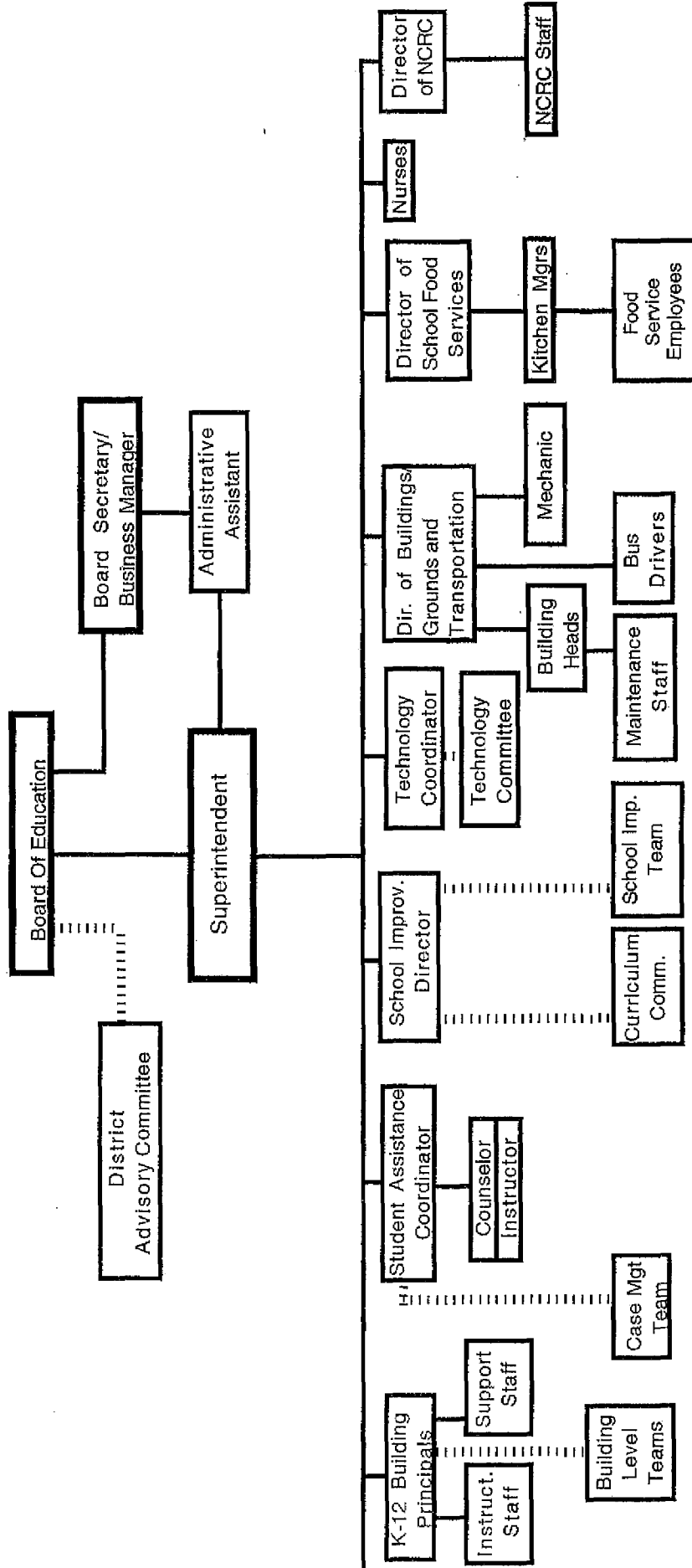
John D. Musso

John D. Musso, CAE, RSBA
Executive Director

NEVADA COMMUNITY SCHOOL DISTRICT

Nevada, Iowa

ORGANIZATIONAL PLAN



— Line of Authority
 Line of Cooperation

NEVADA COMMUNITY SCHOOL DISTRICT
Board of Education and School District Administration

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u> (Before September 26, 2011)		
Marty Chitty	President	2011*
Mike Bates	Vice-President	2013
Marcia Engler	Board Member	2011
David Sutherland	Board Member	2013
Laura West	Board Member	2011*
<u>Board of Education</u> (After September 26, 2011)		
Marty Chitty	President	2015
Mike Bates	Vice-President	2013
Tom Maier	Board Member	2015
David Sutherland	Board Member	2013
Laura West	Board Member	2015
<u>School Officials</u>		
James S. Walker	Superintendent of Schools	2012
Justin Gross	Principal, Nevada High School	2012
Christine Schmidt	Principal, Nevada Middle School	2012
Kathy Goecke	Principal, Central Elementary School	2012
David McCaulley	Assistant Principal & Activities Director, Nevada High School	2012
Nancy Port	School Improvement Director	2012
Brian Schaeffer	Board Secretary/Treasurer & District Business Manager	2012
Margaret Ann Malven	Director, Technology	2012
David Kroese	Director, Maintenance & Transportation	2012
Candice Anderson	Director, Food Service	2012
Andrew Bracken	Attorney	Indefinite

*Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Nevada Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nevada Community School District, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Nevada Community School District at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2012 on our consideration of Nevada Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 16 through 22 and 62 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nevada Community School District's basic financial statements. The supplementary information included in Schedules 1 through 5, and the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budgets (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

Oskaloosa, Iowa
December 5, 2012

NEVADA COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Nevada Community School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal in this report.

FINANCIAL HIGHLIGHTS

- The District's total net assets for governmental activities were \$20,411,655 at June 30, 2012 compared to \$15,116,169 at June 30, 2011, an increase of 35.03%.
- At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,686,656 or 11.63% of total general fund revenues compared to prior year's unassigned fund balance of \$1,274,047 or 8.75% of total general fund revenues.
- In addition to work continuing on the Safe Room located at the High School during the school year, work was started on the Auditorium attached to the High School.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

The Basic Financial Statements include two types of statements that present different views of the District's finances. The first is the government-wide statements. These statements are presented on a full accrual basis of accounting and include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets includes all of the District's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due dates for liabilities. This statement provides a summary of the District's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the District's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second type of statement included in the basic financial statements is the fund financial statements, which are presented for the Board's governmental funds and proprietary fund. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statement provides information about the District as an economic unit while the fund financial statements provide information on the financial resources of the District's funds. The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. earned but unused vacation leave).

Government-wide statements

The government-wide financial statements report information about the District as a whole using the accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the

District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is paid or received.

These two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the Board's financial health or position.

- Over time, an increase or decrease in the District's net assets may indicate whether its financial position is improving or deteriorating.
- To assess the District's overall financial health, one needs to consider additional non-financial factors such as changes in the condition of its school buildings and other physical assets.

The District's activities are divided into two categories on the government-wide statements:

- Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Local funding, as well as state and federal aid, finances most of these activities.
- Business type activities: The District charges fees to cover the costs of certain services it provides. School food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant funds and not the District as a whole. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

The District has three types of funds:

Governmental funds: Most of the District's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flows in and out and the balances remaining at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds, in the form of a reconciliation, explains the relationship (or differences) between them.

Proprietary Fund: Services for which the District charges a fee are generally reported in the proprietary fund. The proprietary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. The District has one proprietary fund – the School Nutrition Fund.

Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. The fiduciary fund statements are reported on the same basis of accounting as the government-wide statements – full accrual. These funds include Private-Purpose Trust and Agency funds.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets are an indicator of the fiscal health of the District. The District's net assets were \$20,540,007 at June 30, 2012 compared to \$15,309,989 at June 30, 2011 (see Table 1).

Table 1
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 13,492,183	15,579,545	121,782	197,879	13,613,965	15,777,424	-13.71%
Capital assets	28,783,682	23,933,430	66,647	53,203	28,850,329	23,986,633	20.28%
Total assets	42,275,865	39,512,975	188,429	251,082	42,464,294	39,764,057	6.79%
Long-term obligations	14,419,556	17,265,005	0	362	14,419,556	17,265,367	-16.48%
Other liabilities	7,444,654	7,131,801	60,077	56,900	7,504,731	7,188,701	4.40%
Total liabilities	21,864,210	24,396,806	60,077	57,262	21,924,287	24,454,068	-10.35%
Net assets:							
Invested in capital assets, net of related debt	14,567,782	6,882,710	66,647	53,203	14,634,429	6,935,913	110.99%
Restricted	3,760,529	6,945,794	0	0	3,760,529	6,945,794	-45.86%
Unrestricted	2,083,344	1,287,665	61,705	140,617	2,145,049	1,428,282	50.18%
Total net assets	\$ 20,411,655	15,116,169	128,352	193,820	20,540,007	15,309,989	34.16%

Invested in capital assets (e.g., land, buildings, machinery and equipment) less any outstanding debt used to acquire those assets is \$14,634,429. These assets are not available for future spending since they represent capital assets used to provide services to students. The resources needed to pay the debt related to these capital assets must be provided from other resources. Approximately \$3,760,529 of net assets reflects amounts with external restrictions on how the funds may be used. The remaining balance of \$2,145,049 represents unrestricted net assets which may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The following table shows changes in net assets for the year ended June 30, 2012 compared to June 30, 2011.

Table 2
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
Revenues:							
Program revenues:							
Charges for services	\$ 1,372,460	1,066,893	375,585	363,456	1,748,045	1,430,349	22.21%
Operating grants and contributions and restricted interest	2,308,371	2,082,308	343,378	329,311	2,651,749	2,411,619	9.96%
Capital grants and contributions and restricted interest	4,136,811	759,124	-	-	4,136,811	759,124	444.95%
General revenues:							
Property tax	4,984,981	5,222,688	-	-	4,984,981	5,222,688	-4.55%
Income surtax	395,075	403,325	-	-	395,075	403,325	-2.05%
Statewide sales, services and use tax	1,658,000	1,470,798	-	-	1,658,000	1,470,798	12.73%
Unrestricted state grants	6,652,762	6,642,372	-	-	6,652,762	6,642,372	0.16%
Nonspecific program federal grants	213,809	340,684	-	-	213,809	340,684	-37.24%
Other	111,157	221,713	604	4,543	111,761	226,256	-50.60%
Total revenues	21,833,426	18,209,905	719,567	697,310	22,552,993	18,907,215	19.28%
Program expenses:							
Governmental activities:							
Instructional	10,362,498	9,443,658	-	-	10,362,498	9,443,658	9.73%
Support services	4,422,259	4,570,970	13,253	13,899	4,435,512	4,584,869	-3.26%
Non-instructional programs	-	1,897	771,782	653,428	771,782	655,325	17.77%
Other expenses	1,753,183	1,782,068	-	-	1,753,183	1,782,068	-1.62%
Total expenses	16,537,940	15,798,593	785,035	667,327	17,322,975	16,465,920	5.21%
Changes in net assets	5,295,486	2,411,312	(65,468)	29,983	5,230,018	2,441,295	114.23%
Beginning net assets	15,116,169	12,704,857	193,820	163,837	15,309,989	12,868,694	18.97%
Ending net assets	\$ 20,411,655	15,116,169	128,352	193,820	20,540,007	15,309,989	34.16%

Property tax, income surtax, local option sales and services tax and unrestricted state grants account for 60.71% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 85.42% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$21,833,426 and expenses were \$16,537,940.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Table 3
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 10,362,498	9,443,658	9.73%	\$ 7,358,378	6,903,835	6.58%
Support services	4,422,259	4,570,970	-3.25%	4,254,307	3,762,817	13.06%
Non-instructional programs	-	1,897	-100.00%	-	1,897	-100.00%
Other expenses	1,753,183	1,782,068	-1.62%	-2,892,387	1,221,719	-336.75%
Totals	\$ 16,537,940	15,798,593	4.68%	\$ 8,720,298	11,890,268	-26.66%

- The cost financed by users of the District's programs was \$1,372,460.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,308,371.
- The net cost of governmental activities was financed with \$4,984,981 in property tax, \$395,075 in income surtax, \$1,658,000 in statewide sales, services and use tax, \$6,652,762 in unrestricted state grants, \$213,809 in nonspecific program federal grants and \$111,157 in other income.

Business Type Activities

Revenues of the District's business type activities were \$719,567 and expenses were \$785,035. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2012, the District's net assets decreased in the business type activities by \$65,468.

Financial Analysis of the District's Funds

At the end of the fiscal year ended June 30, 2012, the District's governmental funds reported combined ending fund balances of \$5,924,995, a decrease of \$2,458,916 in comparison with the prior year. This decrease was primarily the result of funds used on July 1, 2011 to retire the May 1, 2005 Local Option Sales and Services Tax Bond Issue early.

Governmental Fund Highlights

The District's General Fund financial position increased to \$2,217,831 at June 30, 2012 from \$1,755,658 at June 30, 2011, representing a 26.3% increase. This increase was primarily a result of an increase in tuition and state sources revenue.

The Capital Projects fund balance decreased \$1,220,907 during the year. Compared to the prior year, the total expenditures increased as construction continued on the Safe Room located at the High School. Also, construction began on the Auditorium attached to the High School during the year.

The Debt Service fund balance decreased \$1,844,080 to an ending balance of \$2,013,206 at June 30, 2012. The primary reason for the decrease is due to the District paying off the May 1, 2005 Local Option Sales and Services Tax Bond Issue early on July 1, 2011 with funds available in the Debt Service Fund.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except its private-purpose trust and agency funds. Although the budget

document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District amended its annual operating budget one time to reflect additional expenditures associated with the purchase of the one-to-one laptops, the construction of the Safe Room and Auditorium under the Capital Project Fund, and early retirement of debt in the Debt Service Fund. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for individual funds are not presented in the budgetary comparison on page 62.

The District's total actual receipts were \$748,304 more than the total budgeted receipts, a variance of 3.43%. The most significant change resulted in the District receiving more in local sources than originally anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

In spite of the District's practice, expenditures in the non-instructional programs functional area exceeded the certified budget.

Capital Asset and Debt Administration

Capital Assets

The District's invested in capital assets for its governmental and business type activities as of June 30, 2012, amounts to \$28,850,329 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles and equipment. Detailed information regarding the District's capital assets can be found in Note 6 of the notes to the basic financial statements.

During the year ended June 30, 2012, the District started construction work on the Auditorium project and work continued on the Safe Room located at the High School. The decrease in buildings, land improvements, and machinery and equipment was due to annual depreciation.

Table 4
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 231,244	231,244			231,244	231,244	0.00%
Construction in progress	15,363,768	10,087,921			15,363,768	10,087,921	52.30%
Buildings	12,583,325	12,930,218			12,583,325	12,930,218	-2.68%
Land improvements	262,771	283,279			262,771	283,279	-7.24%
Machinery and equipment	342,574	400,768	66,647	53,203	409,221	453,971	-9.86%
Total	\$ 28,783,682	23,933,430	66,647	53,203	28,850,329	23,986,633	20.28%

Long-Term Debt

At the end of June 30, 2012, the District had total long-term debt of \$14,419,556, a decrease of \$2,845,811 from the prior fiscal year. Of this amount, \$1,027,497 is due within one year. Detailed information regarding the District's long-term debt can be found in Note 8 of the notes to the basic financial statements.

Table 5
Outstanding Long-Term Obligations

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2012	2011	2012	2011	2012	2011	2011-12
General Obligation Bonds	\$ 3,090,000	3,360,000	-	-	3,090,000	3,360,000	-8.04%
Revenue Bonds	11,100,000	13,550,000	-	-	11,100,000	13,550,000	-18.08%
Capital Lease Obligations	25,900	140,720	-	-	25,900	140,720	-81.59%
Early Retirement	77,912	98,643	-	-	77,912	98,643	-21.02%
Compensated Absences	3,685	30,581	-	-	3,685	30,581	-87.95%
Net OPEB Obligation	122,059	85,061	-	362	122,059	85,423	42.89%
Total	\$ 14,419,556	17,265,005	-	362	14,419,556	17,265,367	-16.48%

Economic Factors and Next Year's Budgets and Rates

- The 2012 State Legislature met but did not set the rate of allowable growth for state aid and property taxes for schools for the 2013-14 school year. Most Legislative sessions do this two years in advance. What happens in the future with allowable growth for state aid and property taxes will have an impact on the District's General Fund budget.
- District enrollment increased in fiscal year 2012 by 12 students, 0.8% of the enrollment of 1,470 in fiscal year 2011. District funding is highly dependent upon District enrollments. Future enrollment stability is a critical element in maintaining a sound financial foundation. The Board of Education and administration of the District believe that the commitment to improving facilities will be an attraction to future enrollment growth.
- The District has a one-year contract with the Nevada Community Education Association (NCEA) which included an overall increase in salary and benefits for certified teaching staff of 3.49% for fiscal year 2012. Staff represented by NCEA make up \$7.1 million in wages and benefits or 51% of all General Fund expenditures. Settlements with employee groups that exceed the rate of growth in state funding will have an adverse impact upon the District's General Fund budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District's Business Office.

Basic Financial Statements

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 6,651,072	\$ 105,799	\$ 6,756,871
Receivables:			
Property tax:			
Delinquent	35,179	-	35,179
Succeeding year	5,311,216	-	5,311,216
Income surtax	393,191	-	393,191
Accounts	385,840	-	385,840
Due from other governments	715,685	-	715,685
Inventories	-	15,983	15,983
Capital assets not being depreciated:			
Land	231,244	-	231,244
Construction in progress	15,363,768	-	15,363,768
Capital assets being depreciated, net of accumulated depreciation:			
Buildings	12,583,325	-	12,583,325
Land improvements	262,771	-	262,771
Machinery and equipment	342,574	66,647	409,221
Total assets	42,275,865	188,429	42,464,294

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	349,439	10,920	360,359
Salaries and benefits payable	1,337,108	37,879	1,374,987
Due to other governments	175,286	-	175,286
Interest payable	270,657	-	270,657
Deferred revenue:			
Succeeding year property tax	5,311,216	-	5,311,216
Other	948	-	948
Unearned revenue	-	11,278	11,278
Long-term liabilities:			
Portion due within one year:			
Bonds payable	285,000	-	285,000
Revenue bonds payable	635,000	-	635,000
Capital lease payable	25,900	-	25,900
Early retirement payable	77,912	-	77,912
Compensated absences payable	3,685	-	3,685
Portion due after one year:			
Bonds payable	2,805,000	-	2,805,000
Revenue bonds payable	10,465,000	-	10,465,000
Net OPEB liability	122,059	-	122,059
Total liabilities	21,864,210	60,077	21,924,287
Net Assets			
Invested in capital assets, net of related debt	14,567,782	66,647	14,634,429
Restricted for:			
Categorical funding	401,934	-	401,934
Debt service	1,742,549	-	1,742,549
School infrastructure	1,127,754	-	1,127,754
Physical plant and equipment levy	250,564	-	250,564
Management levy	97,554	-	97,554
Student activities	140,174	-	140,174
Unrestricted	2,083,344	61,705	2,145,049
Total net assets	\$ 20,411,655	\$ 128,352	\$ 20,540,007

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular instruction	\$ 6,970,576	\$ 661,162	\$ 1,356,109	\$ -
Special instruction	1,706,232	324,977	188,590	-
Other instruction	1,685,690	307,211	166,071	-
	<u>10,362,498</u>	<u>1,293,350</u>	<u>1,710,770</u>	<u>-</u>
Support services:				
Student services	767,057	-	33,991	-
Instructional staff services	680,026	-	46,470	-
Administration services	1,245,889	-	-	-
Operation and maintenance of plant services	1,162,153	7,859	-	-
Transportation services	567,134	71,251	8,381	-
	<u>4,422,259</u>	<u>79,110</u>	<u>88,842</u>	<u>-</u>
Other expenses:				
Facilities acquisition	212,015	-	-	4,136,811
Long-term debt interest and fiscal charges	658,890	-	-	-
AEA flowthrough	508,759	-	508,759	-
Depreciation (unallocated) *	373,519	-	-	-
	<u>1,753,183</u>	<u>-</u>	<u>508,759</u>	<u>4,136,811</u>
Total governmental activities	16,537,940	1,372,460	2,308,371	4,136,811

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
<hr/>		
\$ (4,953,305)	\$ -	\$ (4,953,305)
(1,192,665)	-	(1,192,665)
(1,212,408)	-	(1,212,408)
<u>(7,358,378)</u>	<u>-</u>	<u>(7,358,378)</u>
(733,066)	-	(733,066)
(633,556)	-	(633,556)
(1,245,889)	-	(1,245,889)
(1,154,294)	-	(1,154,294)
<u>(487,502)</u>	<u>-</u>	<u>(487,502)</u>
<u>(4,254,307)</u>	<u>-</u>	<u>(4,254,307)</u>
3,924,796	-	3,924,796
(658,890)	-	(658,890)
-	-	-
<u>(373,519)</u>	<u>-</u>	<u>(373,519)</u>
<u>2,892,387</u>	<u>-</u>	<u>2,892,387</u>
<u>(8,720,298)</u>	<u>-</u>	<u>(8,720,298)</u>

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Business-Type Activities:				
Support services:				
Administration services	\$ 194	\$ -	\$ -	\$ -
Operation and maintenance of plant services	13,059	-	-	-
	<u>13,253</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-instructional programs:				
Food service operations	<u>771,782</u>	<u>375,585</u>	<u>343,378</u>	<u>-</u>
Total business-type activities	<u>785,035</u>	<u>375,585</u>	<u>343,378</u>	<u>-</u>
Total	\$ <u>17,322,975</u>	\$ <u>1,748,045</u>	\$ <u>2,651,749</u>	\$ <u>4,136,811</u>

General revenues:

Property tax levied for:
 General purposes
 Debt service
 Capital outlay
Income surtax
Local option sales, services, and use tax
Unrestricted state grants
Nonspecific program federal grants
Unrestricted investment earnings
Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
in the direct expenses of the various programs.

See notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ -	\$ (194)	\$ (194)
-	(13,059)	(13,059)
-	(13,253)	(13,253)
-	(52,819)	(52,819)
-	(66,072)	(66,072)
(8,720,298)	(66,072)	(8,786,370)

\$ 4,218,791	\$ -	\$ 4,218,791
409,776	-	409,776
356,414	-	356,414
395,075	-	395,075
1,658,000	-	1,658,000
6,652,762	-	6,652,762
213,809	-	213,809
77,023	604	77,627
34,134	-	34,134
14,015,784	604	14,016,388
5,295,486	(65,468)	5,230,018
15,116,169	193,820	15,309,989
<u>\$ 20,411,655</u>	<u>\$ 128,352</u>	<u>\$ 20,540,007</u>

NEVADA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 3,556,371	\$ 764,557	\$ 2,010,144	\$ 320,000	\$ 6,651,072
Receivables:					
Property tax:					
Delinquent	26,656	2,663	3,062	2,798	35,179
Succeeding year	4,069,860	370,522	800,544	70,290	5,311,216
Income surtax	393,191	-	-	-	393,191
Accounts	39,340	340,943	-	5,557	385,840
Due from other governments	174,006	541,679	-	-	715,685
Total assets	<u>\$ 8,259,424</u>	<u>\$ 2,020,364</u>	<u>\$ 2,813,750</u>	<u>\$ 398,645</u>	<u>\$ 13,492,183</u>

NEVADA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General	Capital Projects	Debt Service	Nonmajor	Total
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 65,200	\$ 271,524	\$ -	\$ 12,715	\$ 349,439
Salaries and benefits payable	1,337,108	-	-	-	1,337,108
Due to other governments	175,286	-	-	-	175,286
Deferred revenue:					
Succeeding year property tax	4,069,860	370,522	800,544	70,290	5,311,216
Income surtax	393,191	-	-	-	393,191
Other	948	-	-	-	948
Total liabilities	6,041,593	642,046	800,544	83,005	7,567,188
Fund balances:					
Restricted for:					
Categorical funding	401,934	-	-	-	401,934
Debt service	-	-	2,013,206	-	2,013,206
School infrastructure	-	1,175,513	-	-	1,175,513
Physical plant and equipment	-	250,564	-	-	250,564
Management levy purposes	-	-	-	175,466	175,466
Student activities	-	-	-	140,174	140,174
Committed for wind turbine maintenance	26,961	-	-	-	26,961
Assigned for activity based accounts	102,280	-	-	-	102,280
Unassigned	1,686,656	(47,759)	-	-	1,638,897
Total fund balances	2,217,831	1,378,318	2,013,206	315,640	5,924,995
Total liabilities and fund balances	\$ 8,259,424	\$ 2,020,364	\$ 2,813,750	\$ 398,645	\$ 13,492,183

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances of governmental funds	\$ 5,924,995
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	28,783,682
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(270,657)
Income surtax receivable is not yet available to finance expenditures of the current period and, therefore, is deferred in the governmental funds.	393,191
Long-term liabilities, including bonds payable, capital leases payable, early retirement, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(14,419,556)</u>
Net assets of governmental activities	<u>\$ 20,411,655</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	General	Capital Projects	Debt Service	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 4,199,752	\$ 2,014,242	\$ 409,579	\$ 400,475	\$ 7,024,048
Tuition	805,606	-	-	-	805,606
Other	330,427	3,522,221	34,588	322,191	4,209,427
Intermediate sources	11,843	-	-	-	11,843
State sources	8,521,724	164,303	197	205	8,686,429
Federal sources	633,817	450,753	-	-	1,084,570
Total revenues	14,503,169	6,151,519	444,364	722,871	21,821,923
Expenditures:					
Current:					
Instruction	9,413,591	522,447	-	418,680	10,354,718
Support services:					
Student services	767,385	-	-	-	767,385
Instructional staff services	594,003	86,023	-	-	680,026
Administration services	1,233,135	-	500	19,397	1,253,032
Operation and maintenance of plant services	1,030,885	1,832	-	127,340	1,160,057
Transportation services	493,263	9,771	-	13,556	516,590
	4,118,671	97,626	500	160,293	4,377,090
Other expenditures:					
Facilities acquisition	-	5,499,364	-	-	5,499,364
Long term debt:					
Principal	-	-	2,834,821	-	2,834,821
Interest and fiscal charges	-	-	706,112	-	706,112
AEA flowthrough	508,759	-	-	-	508,759
	508,759	5,499,364	3,540,933	-	9,549,056
Total expenditures	14,041,021	6,119,437	3,541,433	578,973	24,280,864
Excess (deficiency) of revenues over (under) expenditures	462,148	32,082	(3,097,069)	143,898	(2,458,941)

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	General	Capital Projects	Debt Service	Nonmajor	Total
Other financing sources (uses):					
Sale of equipment	\$ 25	\$ -	\$ -	\$ -	25
Anticipatory warrants issued	1,000,000	-	-	-	1,000,000
Anticipatory warrants redeemed	(1,000,000)	-	-	-	(1,000,000)
Interfund transfers in	-	-	1,252,989	-	1,252,989
Interfund transfers out	-	(1,252,989)	-	-	(1,252,989)
Total other financing sources (uses)	25	(1,252,989)	1,252,989	-	25
Net change in fund balances	462,173	(1,220,907)	(1,844,080)	143,898	(2,458,916)
Fund balances beginning of year	1,755,658	2,599,225	3,857,286	171,742	8,383,911
Fund balances end of year	\$ <u>2,217,831</u>	\$ <u>1,378,318</u>	\$ <u>2,013,206</u>	\$ <u>315,640</u>	\$ <u>5,924,995</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ (2,458,916)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 5,296,370	
Depreciation expense	<u>(446,118)</u>	4,850,252

Income surtax receivable is not available to finance expenditures of the current period and is deferred in the governmental funds. 11,478

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 2,834,820

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 47,223

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	20,731	
Compensated absences	26,896	
Net OPEB liability	<u>(36,998)</u>	<u>10,629</u>

Change in net assets of governmental activities \$ 5,295,486

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

June 30, 2012

	<u>School Nutrition</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 105,799
Inventories	<u>15,983</u>
Total current assets	<u>121,782</u>
Non-current assets:	
Capital assets:	
Machinery and equipment, net of accumulated depreciation	<u>66,647</u>
Total assets	<u>188,429</u>
Liabilities	
Current liabilities:	
Accounts payable	10,920
Salaries and benefits payable	37,879
Unearned revenue	<u>11,278</u>
Total liabilities	<u>60,077</u>
Net Assets	
Invested in capital assets	66,647
Unrestricted	<u>61,705</u>
Total net assets	<u>\$ 128,352</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year Ended June 30, 2012

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for services	\$ <u>375,585</u>
Operating expenses:	
Support services:	
Administration services:	
Purchased services	194
Operation and maintenance of plant services:	
Purchased services	982
Supplies	<u>12,077</u>
Total support services	<u>13,253</u>
Non-instructional programs:	
Food service operations:	
Salaries	301,814
Benefits	51,388
Purchased services	11,072
Supplies	395,762
Depreciation	8,387
Other	<u>3,359</u>
Total non-instructional programs	<u>771,782</u>
Total operating expenses	<u>785,035</u>
Operating loss	<u>(409,450)</u>
Non-operating revenues:	
Interest on investments	604
State sources	6,163
Federal sources	<u>337,215</u>
Total non-operating revenues	<u>343,982</u>
Change in net assets	(65,468)
Net assets beginning of year	<u>193,820</u>
Net assets end of year	\$ <u><u>128,352</u></u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2012

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 381,341
Cash received from miscellaneous operating activities	2,516
Cash payments to employees for services	(351,842)
Cash payments to suppliers for goods or services	<u>(361,024)</u>
Net cash used by operating activities	<u>(329,009)</u>
Cash flows from non-capital financing activities:	
State grants received	6,163
Federal grants received	<u>282,257</u>
Net cash provided by non-capital financing activities	<u>288,420</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(21,831)</u>
Cash flows from investing activities:	
Interest on investments	<u>604</u>
Net decrease in cash and cash equivalents	(61,816)
Cash and cash equivalents beginning of year	<u>167,615</u>
Cash and cash equivalents end of year	<u>\$ 105,799</u>

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2012

	<u>School Nutrition</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (409,450)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	8,387
Commodities used	54,958
Decrease in accounts receivable	7,571
Decrease in inventories	6,710
Increase in accounts payable	754
Increase in salaries and benefits payable	1,722
Increase in unearned revenue	701
(Decrease) in net OPEB liability	<u>(362)</u>
Net cash used by operating activities	<u>\$ (329,009)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2012, the District received \$54,958 of federal commodities.

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2012

	Private Purpose Trust Scholarship	Agency
Assets:		
Cash and pooled investments	\$ 38,318	\$ 15,598
Accounts receivable	-	536
Total assets	38,318	16,134
Liabilities:		
Accounts payable	2,000	268
Due to other groups	-	15,866
Total liabilities	2,000	16,134
Net assets:		
Held in trust for other purposes	\$ 36,318	\$ -

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
Year Ended June 30, 2012

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Gifts and contributions	\$ 9,700
Interest	<u>168</u>
Total additions	<u>9,868</u>
Deductions:	
Instructional:	
Scholarships awarded	6,900
Supplies	4,073
Student services:	
Supplies	<u>3,725</u>
Total deductions	<u>14,698</u>
Change in net assets	(4,830)
Net assets beginning of year	<u>41,148</u>
Net assets end of year	<u>\$ 36,318</u>

See notes to the basic financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies

The Nevada Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Nevada, Iowa, and portions of the agricultural territory in Story County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Nevada Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Nevada Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Story County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Debt Service Fund is used to account for the payment of interest and principal on the District's long-term debt.

The District also reports the following nonmajor proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports the following fiduciary funds:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The Government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the accrual basis.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

D. Cash, Pooled Investments and Cash Equivalents

The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months.

E. Property Taxes

Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year delinquent property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget to the County Auditor by April 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

F. Inventories

The Enterprise Fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to operations when consumed or sold. The Enterprise Fund inventory consists primarily of food, with purchased food recorded at the lower of cost (first-in, first-out method) or market and food commodities which were received from the federal government recorded at the contributed value as of the date received.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

G. Capital Assets

Capital assets, which include property, machinery, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	5,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	20-50 years
Land improvements	20 years
Intangibles	5-20 years
Machinery and equipment	5-20 years

H. Salaries and Benefits Payable

Payroll and related expenses for teachers with annual contracts corresponding to the school year, which have balances payable in July and August 2012, have been accrued as a liability as it is applicable to the fiscal year ended June 30, 2012.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

I. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

J. Unearned Revenues

Unearned revenues are monies collected for meals that have not yet been served. The meal account balances will either be reimbursed or served meals. The meal account balances are reflected on the Statement of Net Assets in the Proprietary, School Nutrition Fund.

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net assets.

L. Compensated Absences

District employees accumulate a limited amount of earned but unused vacation benefits payable to employees. Compensated absences are reported in governmental funds only if they have matured. The cost of vacation payments expected to be liquidated currently is recorded as a long-term liability on the statement of net assets and will be paid in the future out of the General Fund. There are currently four members of the District's Management Team who are paid out for their unused vacation days at their daily pay rate. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The full balance is shown as due within a year using first-in, first-out basis.

M. Fund Equity

In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

M. Fund Equity (continued)

Assigned – Amounts the Board of Education intends to use for specific purposes.

Unassigned – All amounts not included in other classifications.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications within the same fund, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Note 2. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the District's Board of Education annually adopts a single district wide budget and approves the related appropriations following required public notice and hearing for all funds. The budgets and related appropriations as well as the financial statements are prepared on the modified accrual basis or accrual basis of accounting. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

The Board of Education follows these procedures in establishing budgetary data reflected in the financial statements:

1. In accordance with the Statutes of the State of Iowa, prior to February 15, the Board Secretary submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures or expenses and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding years. This budget is submitted in summary form, with an administrative control. The legal level of control for the detailed budget is at the function level.
2. Public hearings are required to be conducted to obtain taxpayer comment.
3. Prior to April 15, the budget is legally enacted through certification from the County Auditor.
4. Management is authorized to transfer budgeted amounts between departments within any function, however, any revisions that alter the total expenditures or expenses of any function must be approved by the Board of Education.
5. The Board of Education may amend the budget during the year by holding public hearings and certifying the amendment with the County Auditor.
6. Encumbrances are not recognized in the budgetary process and appropriations lapse at the end of each fiscal year.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 2. Budgets and Budgetary Accounting (continued)

7. The budget cannot be amended without the approval of the Board of Education.
8. Unexpended budgetary balances lapse at June 30 and are not available to finance expenditures or expenses of the following year.

Note 3. Deposits and Pooled Investments

The District's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2012, the District had investments in the Iowa Schools Joint Investment Trust as follows:

<u>Type</u>	<u>Amortized Cost</u>
Diversified Portfolio	\$ <u>916,854</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. There is no material difference from fair value.

Interest Rate Risk – The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District and must also conform to any loan covenant investment maturity restrictions. The maturity of the District's position in an external investment pool is based on the average maturity of the pool's investments.

Credit Risk – The investments in the Iowa Schools Joint Investment Trust (ISJIT) were rated AAAm by Standard and Poor's Financial Services. ISJIT is sponsored by the Iowa Association of School Boards (IASB), governed by a representative board of trustees and served by a dedicated team of professionals.

Custodial Credit Risk (deposits) – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District does not have a policy for custodial credit risk of deposits. As of June 30, 2012, the carrying amount of the District's bank deposits totaled \$4,993,486. Of the bank balances, \$500,000 was covered by federal depository insurance and \$4,493,486 was uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the District's name. These amounts are included in the cash and pooled investments on the combined balance sheet.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 3. Deposits and Pooled Investments (continued)

Custodial Credit Risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's policy relating to custodial credit risk of investments is to allow the treasurer to invest funds in excess of current needs in depositories authorized by the Board. The amount that can be held by counterparties is established annually by the Board. As of June 30, 2012, the carrying amount of the District's investments totaled \$916,854. The entire amount is exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the District's investment firm which is also the counterparty for the securities held.

The District does not have a policy regarding concentration risk.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects: Statewide Sales, Services and Use Tax	\$ 1,134,353
Debt Service	Capital Projects: Physical Plant and Equipment Levy	<u>118,636</u>
Total		<u>\$ 1,252,989</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

The Capital Projects: Statewide Sales, Services and Use Tax Fund is transferring money to finance revenue bond payments made from the Debt Service Fund.

The Capital Projects: Physical Plant and Equipment Levy Fund is transferring money to finance bus and computer lease payments made from the Debt Service Fund.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 5. Due From Other Governments

Details of amounts due from various other governments by fund at June 30, 2012, are as follows:

Governmental Funds:

General Fund:

Tuition from other Districts	\$ 109,989
Non-public transportation reimbursement	5,789
Vocational aid reimbursement	5,085
Title I grants	35,198
Federal Teacher Quality grants	7,539
Other	10,406
	<u>174,006</u>

Capital Projects Fund:

Local option sales, services and use tax	254,541
Hazard mitigation grants	287,138
	<u>541,679</u>

Total due from other governments	\$ <u><u>715,685</u></u>
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NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 231,244	\$ -	\$ -	\$ 231,244
Construction in progress	10,087,921	5,275,847	-	15,363,768
Total capital assets not being depreciated	<u>10,319,165</u>	<u>5,275,847</u>	<u>-</u>	<u>15,595,012</u>
Capital assets being depreciated:				
Buildings	18,911,040	-	-	18,911,040
Land improvements	733,591	-	-	733,591
Machinery and equipment	1,909,900	20,523	-	1,930,423
Total capital assets being depreciated	<u>21,554,531</u>	<u>20,523</u>	<u>-</u>	<u>21,575,054</u>
Less accumulated depreciation for:				
Buildings	5,980,822	346,893	-	6,327,715
Land improvements	450,312	20,508	-	470,820
Machinery and equipment	1,509,132	78,717	-	1,587,849
Total accumulated depreciation	<u>7,940,266</u>	<u>446,118</u>	<u>-</u>	<u>8,386,384</u>
Total capital assets being depreciated, net	<u>13,614,265</u>	<u>(425,595)</u>	<u>-</u>	<u>13,188,670</u>
Governmental activities capital assets, net	<u>\$ 23,933,430</u>	<u>\$ 4,850,252</u>	<u>\$ -</u>	<u>\$ 28,783,682</u>
Business-type activities:				
Machinery and equipment	\$ 251,607	\$ 21,831	\$ -	\$ 273,438
Less accumulated depreciation	<u>198,404</u>	<u>8,387</u>	<u>-</u>	<u>206,791</u>
Business-type activities capital assets, net	<u>\$ 53,203</u>	<u>\$ 13,444</u>	<u>\$ -</u>	<u>\$ 66,647</u>

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 6. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

Instruction:

Regular	\$ 2,190
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Support services:

Administration	7,784
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Operation and maintenance of plant	1,435
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Transportation	61,190
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	72,599
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Unallocated depreciation	373,519
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Total governmental activities depreciation expense	\$ 446,118
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Business-type activities:

Food service operations	\$ 8,387
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Note 7. Anticipatory Warrants

During the year ended June 30, 2012, the District issued and repaid \$1,000,000 of anticipatory warrants. The anticipatory warrants were necessary to provide temporary financing during a period of low cash flows in the General Fund and included interest at 4.25%.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 8. Long-Term Liabilities

A summary of changes in long-term liabilities for governmental activities and business-type activities for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,360,000	\$ -	\$ 270,000	\$ 3,090,000	\$ 285,000
Revenue bonds	13,550,000	-	2,450,000	11,100,000	635,000
Capital lease obligations	140,720	-	114,820	25,900	25,900
Early retirement	98,643	77,912	98,643	77,912	77,912
Compensated absences	30,581	3,685	30,581	3,685	3,685
Net OPEB liability	85,061	36,998	-	122,059	-
Total	\$ 17,265,005	\$ 118,595	\$ 2,964,044	\$ 14,419,556	\$ 1,027,497
Business-type activities:					
Net OPEB liability	\$ 362	\$ -	\$ 362	\$ -	\$ -

Bonded Debt

On June 27, 2006 the District issued general obligation bonds of \$4,100,000 for capital facility construction. The General Obligation Bonds will be paid with property taxes collected in the Debt Service Fund. Details of the District's June 30, 2012 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of June 27, 2006			
	Interest Rates	Principal	Interest	Total
2013	4.25 %	\$ 285,000	\$ 126,235	\$ 411,235
2014	4.25	295,000	114,123	409,123
2015	4.25	310,000	101,585	411,585
2016	4.00	325,000	88,410	413,410
2017	4.00	340,000	75,410	415,410
2018-2021	4.00-4.10	1,535,000	158,440	1,693,440
Total		\$ 3,090,000	\$ 664,203	\$ 3,754,203

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 8. Long-Term Liabilities (continued)

Bonded Debt (continued)

On July 1, 2009, the District issued statewide sales, services and use tax revenue bonds of \$11,100,000 for school infrastructure. The Revenue Bonds will be paid with statewide sales, services and use taxes collected in the Capital Projects Fund. Details of the District's June 30, 2012 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of July 1, 2009			
	Interest Rates	Principal	Interest	Total
2013	4.000 %	\$ 635,000	\$ 507,575	\$ 1,142,575
2014	4.000	650,000	481,875	1,131,875
2015	4.000	470,000	459,475	929,475
2016	4.000	430,000	441,475	871,475
2017	4.000	445,000	423,975	868,975
2018-2022	4.000-4.625	2,520,000	1,815,868	4,335,868
2023-2027	4.750-5.125	3,180,000	1,146,594	4,326,594
2028-2030	5.200-5.300	2,770,000	259,465	3,029,465
Total		<u>\$ 11,100,000</u>	<u>\$ 5,536,302</u>	<u>\$ 16,636,302</u>

The District has pledged future statewide sales, services and use tax revenues to repay the bonds. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District in accordance with Chapter 423E of the Code of Iowa and are payable through 2030. The bonds are not a general obligation of the District. The debt, however, is subject to the constitutional debt limitations of the District. Annual principal and interest payments on the bonds are expected to require nearly 70 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid is \$16,636,302. For the current year, \$2,450,000 in principal and \$564,588 in interest was paid on the bonds and total statewide sales, services and use tax revenues were \$1,658,000.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) The bonds will only be redeemed from the future earnings of the statewide sales, services and use tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- b) Sufficient monthly deposits amounting to one sixth of the next interest payment and one twelfth of the next principal payment shall be made into a sinking fund for the purpose of making the bond principal and interest payments when due.
- c) A separate bond reserve fund will be maintained in the amount of \$1,095,946 to be used solely for the purpose of paying principal and interest in the event the sinking fund does not have sufficient funds for that purpose.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 8. Long-Term Liabilities (continued)

Capital Lease Obligations

During the year ended June 30, 2011, the District entered into an interest-free capital lease purchase agreement of \$77,699, for the lease purchase of computers, servers and networking equipment. The lease is payable from the Capital Projects: Physical Plant and Equipment Levy Fund. Details of the District's indebtedness under the agreement in effect at June 30, 2012 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2013	\$ <u>25,900</u>

Early Retirement

The District offers a voluntary early retirement plan to its certified and support staff employees. Eligible employees must be at least age fifty-five and employees must have completed fifteen years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 45% of the employee's base salary. The employee's base salary is calculated by using the current year regular salary schedule, excluding any other additional pay. Early retirement benefits will be paid to a tax-sheltered annuity in annual payments not to exceed three years.

At June 30, 2012, the District has obligations to three participants with a total liability of \$77,912. Early retirement benefits paid during the year ended June 30, 2012, totaled \$98,643. Early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 9. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 158 active and 16 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 118,415
Interest on net OPEB obligation	3,844
Adjustment to annual required contribution	<u>(5,245)</u>
Annual OPEB cost	117,014
Contributions made	<u>(80,378)</u>
Increase in net OPEB obligation	36,636
Net OPEB obligation beginning of year	<u>85,423</u>
Net OPEB obligation end of year	<u>\$ 122,059</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the District contributed \$80,378 to the medical plan.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 9. Other Postemployment Benefits (OPEB) (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012, and the preceding two years are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 86,560	79.86%	\$ 51,782
2011	86,462	61.00%	85,423
2012	117,014	68.69%	122,059

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$1,099,633, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,099,633. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,404,000, and the ratio of the UAAL to covered payroll was 11.69%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP 2000 Mortality Tables, applied on a gender-specific basis. Annual retirement probabilities were developed based upon sample rates varying by age and employee type. Termination (turnover) probabilities were based on Scale T-6 of the Actuary's Pension Handbook for certified employees and Scale T-5 of the Actuary's Pension Handbook for classified employees.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 9. Other Postemployment Benefits (OPEB) (continued)

Projected claim costs of the medical plan are as follows: \$743 per month for retirees and \$817 per month for spouses with the \$500 deductible plan; \$764 per month for retirees and \$840 per month for spouses with the \$750 deductible plan; and \$701 per month for retirees and \$771 for spouses with the \$1,000 deductible plan. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

The OPEB actuarial report was completed for the Nevada Community School District by Silverstone Group, Michael S. Vech, ASA, MAAA. The report may be obtained by contacting the Business Office of the Nevada Community School District.

A stand-alone Financial report has not been issued for the OPEB plan.

Note 10. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary for the year ended June 30, 2012. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$738,515, \$625,232, and \$596,122, respectively, equal to the required contributions for each year.

Note 11. Risk Management

Nevada Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

NEVADA COMMUNITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 12. Categorical Funding

The District's ending restricted balances for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Home school assistance program	\$ 1,542
Gifted and talented	11,213
Statewide voluntary preschool program	242,623
Professional development for model core curriculum	53,017
Teacher development academics	318
Professional development	<u>93,221</u>
 Total	 <u>\$ 401,934</u>

Note 13. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$508,759 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 14. Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2012, expenditures in the non-instructional programs function exceeded the certified budget.

Note 15. Deficit Balance

The Building Projects Account within the Capital Projects Fund had a deficit unassigned fund balance of \$47,759 at June 30, 2012.

Note 16. Construction Commitments

The District has active construction projects as of June 30, 2012. The projects include the High School remodel and renovation project and the High School Safe Room. The District has entered into contracts totaling \$13,704,889. As of June 30, 2012, costs of \$13,201,329 had been incurred against the contracts. The balance of \$503,560 remaining at June 30, 2012 will be paid as work on the projects progresses.

Note 17. Subsequent Events

In November 2012, the District approved the issuance of \$6,400,000 of general obligation bonds. Proceeds from the issuance will be used to finance the High School remodel project construction. The bonds will be paid over twenty years with interest rates from 2.0% to 2.3%.

In November 2012, the District approved a contract totaling \$4,557,000 for phase II of the High School remodel project.

Required Supplementary Information

NEVADA COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds
and Proprietary Fund
Required Supplementary Information
Year Ended June 30, 2012

	Governmental Funds - Actual	Proprietary Fund - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
REVENUES:						
Local sources	\$ 12,039,081	\$ 376,189	\$ 12,415,270	\$ 11,175,246	\$ 11,175,246	\$ 1,240,024
Intermediate sources	11,843	-	11,843	-	-	11,843
State sources	8,686,429	6,163	8,692,592	8,546,377	8,546,377	146,215
Federal sources	1,084,570	337,215	1,421,785	2,071,563	2,071,563	(649,778)
Total revenues	21,821,923	719,567	22,541,490	21,793,186	21,793,186	748,304
EXPENDITURES/EXPENSES:						
Instruction	10,354,718	-	10,354,718	10,827,032	10,827,032	472,314
Support services	4,377,090	13,253	4,390,343	5,028,226	5,612,101	1,221,758
Non-instructional programs	-	771,782	771,782	584,300	748,200	(23,582)
Other expenditures	9,549,056	-	9,549,056	8,233,778	9,998,836	449,780
Total expenditures/expenses	24,280,864	785,035	25,065,899	24,673,336	27,186,169	2,120,270
Excess (deficiency) of revenues over (under) expenditures/ expenses	(2,458,941)	(65,468)	(2,524,409)	(2,880,150)	(5,392,983)	2,868,574
Other financing sources, net	25	-	25	-	-	25
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses	(2,458,916)	(65,468)	(2,524,384)	(2,880,150)	(5,392,983)	2,868,599
Balance beginning of year	8,383,911	193,820	8,577,731	8,201,482	8,201,482	376,249
Balance end of year	\$ 5,924,995	\$ 128,352	\$ 6,053,347	\$ 5,321,332	\$ 2,808,499	\$ 3,244,848

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$2,512,833.

During the year ended June 30, 2012, expenditures in the non-instructional programs function exceeded the certified budget.

NEVADA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

(In Thousands)

Required Supplementary Information

Year Ended June 30, 2012

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Employer Contributions
2010	July 1, 2008	\$ -	\$ 910	\$ 910	0.0%	\$ 7,767	11.72%	69
2011	July 1, 2008	-	910	910	0.0%	9,290	9.80%	53
2012	July 1, 2011	-	1,100	1,100	0.0%	9,404	11.69%	80

See note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Nevada Community School District

Nonmajor Governmental Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Management Levy Fund

This fund accounts for property taxes collected to pay property and boiler insurance, fidelity bonds, worker's compensation, liability insurance premiums, unemployment insurance claims and early retirement incentives.

Student Activity Fund

This fund accounts for funds raised by student groups. Under State Law, the Board retains responsibility for the Student Activity Fund's ultimate disposition.

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue		
	Management	Student	
	Levy	Activity	Total
Assets			
Cash and pooled investments	\$ 174,446	\$ 145,554	\$ 320,000
Receivables:			
Property tax:			
Delinquent	2,798	-	2,798
Succeeding year	70,290	-	70,290
Accounts	-	5,557	5,557
Total assets	\$ 247,534	\$ 151,111	\$ 398,645
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,778	\$ 10,937	\$ 12,715
Deferred revenue:			
Succeeding year property tax	70,290	-	70,290
Total liabilities	72,068	10,937	83,005
Fund balances:			
Restricted for:			
Management levy purposes	175,466	-	175,466
Student activities	-	140,174	140,174
Total fund balances	175,466	140,174	315,640
Total liabilities and fund balances	\$ 247,534	\$ 151,111	\$ 398,645

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2012

	Special Revenue		
	Management	Student	
	Levy	Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 400,475	\$ -	\$ 400,475
Other	17,972	304,219	322,191
State sources	205	-	205
Total revenues	<u>418,652</u>	<u>304,219</u>	<u>722,871</u>
Expenditures:			
Current:			
Instruction	101,184	317,496	418,680
Support services:			
Administration services	17,732	1,665	19,397
Operation and maintenance of plant services	121,922	5,418	127,340
Transportation services	13,556	-	13,556
Total expenditures	<u>254,394</u>	<u>324,579</u>	<u>578,973</u>
Excess (deficiency) of revenues over (under) expenditures	164,258	(20,360)	143,898
Fund balances beginning of year	<u>11,208</u>	<u>160,534</u>	<u>171,742</u>
Fund balances end of year	<u>\$ 175,466</u>	<u>\$ 140,174</u>	<u>\$ 315,640</u>

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2012

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
Assets				
Cash and pooled investments	\$ 513,772	\$ 250,785	\$ -	\$ 764,557
Receivables:				
Property tax:				
Delinquent	-	2,663	-	2,663
Succeeding year	-	370,522	-	370,522
Intrafund receivable *	283,996	-	-	283,996
Accounts	340,943	-	-	340,943
Due from other governments	254,541	-	287,138	541,679
Total assets	\$ 1,393,252	\$ 623,970	\$ 287,138	\$ 2,304,360
Liabilities and Fund Balances				
Liabilities:				
Intrafund payable *	\$ -	\$ -	\$ 283,996	\$ 283,996
Accounts payable	217,739	2,884	50,901	271,524
Deferred revenue:				
Succeeding year property tax	-	370,522	-	370,522
Total liabilities	217,739	373,406	334,897	926,042
Fund balances:				
Restricted for:				
School infrastructure	1,175,513	-	-	1,175,513
Physical plant and equipment	-	250,564	-	250,564
Unassigned	-	-	(47,759)	(47,759)
Total fund balances	1,175,513	250,564	(47,759)	1,378,318
Total liabilities and fund balances	\$ 1,393,252	\$ 623,970	\$ 287,138	\$ 2,304,360

* This amount is excluded from the face of the basic financial statements.

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2012

	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Building Project	Total
Revenues:				
Local sources:				
Local tax	\$ 1,658,000	\$ 356,242	\$ -	\$ 2,014,242
Other	3,501,293	-	20,928	3,522,221
State sources	-	172	164,131	164,303
Federal sources	-	-	450,753	450,753
Total revenues	<u>5,159,293</u>	<u>356,414</u>	<u>635,812</u>	<u>6,151,519</u>
Expenditures:				
Current:				
Instruction	517,291	5,156	-	522,447
Support services:				
Instructional staff services	-	86,023	-	86,023
Operation and maintenance of plant services	-	1,832	-	1,832
Transportation services	-	9,771	-	9,771
Other expenditures:				
Facilities acquisition	4,642,026	165,770	691,568	5,499,364
Total expenditures	<u>5,159,317</u>	<u>268,552</u>	<u>691,568</u>	<u>6,119,437</u>
Excess (deficiency) of revenues over (under) expenditures	(24)	87,862	(55,756)	32,082
Other financing sources (uses):				
Intrafund transfers in *	-	-	1,949	1,949
Intrafund transfers out *	-	(1,949)	-	(1,949)
Interfund transfers out	(1,134,353)	(118,636)	-	(1,252,989)
Total other financing sources (uses)	<u>(1,134,353)</u>	<u>(120,585)</u>	<u>1,949</u>	<u>(1,252,989)</u>
Net change in fund balances	(1,134,377)	(32,723)	(53,807)	(1,220,907)
Fund balances beginning of year	<u>2,309,890</u>	<u>283,287</u>	<u>6,048</u>	<u>2,599,225</u>
Fund balances end of year	<u>\$ 1,175,513</u>	<u>\$ 250,564</u>	<u>\$ (47,759)</u>	<u>\$ 1,378,318</u>

* This amount is excluded from the face of the basic financial statements.

See accompanying independent auditor's report.

NEVADA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUND
 Year Ended June 30, 2012

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 14,977	\$ 5,112	\$ 4,491	\$ 15,598
Accounts receivable	-	536	-	536
	<u>\$ 14,977</u>	<u>\$ 5,648</u>	<u>\$ 4,491</u>	<u>\$ 16,134</u>
Liabilities				
Accounts payable	\$ 37	\$ 268	\$ 37	\$ 268
Due to other groups	14,940	5,380	4,454	15,866
	<u>\$ 14,977</u>	<u>\$ 5,648</u>	<u>\$ 4,491</u>	<u>\$ 16,134</u>

See accompanying independent auditor's report.

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Statistical Section

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NEVADA COMMUNITY SCHOOL DISTRICT

Statistical Section

(Unaudited)

This part of the Nevada Community School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	76-91
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the District's ability to generate its property taxes.	92-95
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	96-102
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's operations take place and to help make comparisons over time and with other governments.	103-105
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	106-111

NEVADA COMMUNITY SCHOOL DISTRICT

NET ASSETS BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 2,976,584	\$ 3,680,540	\$ 5,231,775	\$ 6,676,587
Restricted	412,412	1,118,228	1,185,554	266,512
Unrestricted	1,220,065	1,120,263	677,416	736,244
Total Governmental activities net assets	4,609,061	5,919,031	7,094,745	7,679,343
Business-type activities				
Invested in capital assets, net of related debt	44,983	48,433	60,063	57,531
Restricted	-	-	-	-
Unrestricted	75,836	60,154	26,114	31,074
Total business-type activities net assets	120,819	108,587	86,177	88,605
Primary government				
Invested in capital assets, net of related debt	3,021,567	3,728,973	5,291,838	6,734,118
Restricted	412,412	1,118,228	1,185,554	266,512
Unrestricted	1,295,901	1,180,417	703,530	767,318
Total primary government net assets	4,729,880	6,027,618	7,180,922	7,767,948

Source: School District Financial Records

	2007	2008	2009	2010	2011	2012
\$	5,686,850	\$ 6,355,513	\$ 7,115,034	\$ 2,504,113	\$ 6,882,710	\$ 14,567,782
	2,988,643	3,059,113	3,899,173	9,681,107	6,945,794	3,760,529
	1,062,085	1,737,253	602,609	519,637	1,287,665	2,083,344
	9,737,578	11,151,879	11,616,816	12,704,857	15,116,169	20,411,655
	66,718	63,778	57,877	58,047	53,203	66,647
	-	-	-	-	-	-
	71,550	65,693	55,682	105,790	140,617	61,705
	138,268	129,471	113,559	163,837	193,820	128,352
	5,753,568	6,419,291	7,172,911	2,562,160	6,935,913	14,634,429
	2,988,643	3,059,113	3,899,173	9,681,107	6,945,794	3,760,529
	1,133,635	1,802,946	658,291	625,427	1,428,282	2,145,049
	9,875,846	11,281,350	11,730,375	12,868,694	15,309,989	20,540,007

NEVADA COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Instruction	\$ 7,947,273	\$ 8,227,884	\$ 8,648,727	\$ 8,566,639
Student Services	1,239,799	1,181,547	629,174	553,116
Instructional Staff Services	352,329	201,515	427,449	485,660
Administration Services	862,375	924,511	856,527	925,429
Operation and Maintenance of Plant Services	1,021,392	1,115,285	972,783	1,114,833
Transportation Services	363,845	436,782	472,413	442,531
Other Support Services	132,551	-	-	-
Non-Instructional Programs	20,497	20,782	29,210	19,210
Facilities Acquisition	590	67,435	392,253	810,283
Long-term debt interest and fiscal charges	163,193	60,644	65,052	306,149
AEA Flowthrough	448,043	417,513	412,669	427,831
Depreciation (unallocated)	186,394	198,832	211,923	599,916
Total governmental activities expenses	12,738,281	12,852,730	13,118,180	14,251,597
Business-Type Activities:				
Administration Services	-	-	-	-
Operation and Maintenance of Plant Services	-	-	-	-
Food Service Operations	511,330	540,699	561,991	558,632
Total business-type activities expenses	511,330	540,699	561,991	558,632
Total primary government expenses	13,249,611	13,393,429	13,680,171	14,810,229

	2007	2008	2009	2010	2011	2012
\$	8,819,553	\$ 9,465,919	\$ 9,597,385	\$ 9,345,206	\$ 9,443,658	\$ 10,362,498
	562,967	704,624	726,992	722,101	756,836	767,057
	561,912	608,542	530,941	589,891	752,446	680,026
	1,074,906	1,073,190	1,274,126	1,140,944	1,215,724	1,245,889
	1,162,466	1,757,438	1,565,012	1,199,756	1,363,732	1,162,153
	492,330	426,668	620,423	489,593	482,232	567,134
	-	-	-	-	-	-
	28,606	26,332	14,535	4,622	1,897	-
	-	-	-	327,584	-	212,015
	382,249	307,300	321,037	826,855	823,115	658,890
	462,464	493,418	506,098	553,617	560,349	508,759
	257,450	396,840	737,289	207,263	398,604	373,519
	13,804,903	15,260,271	15,893,838	15,407,432	15,798,593	16,537,940
	-	349	202	-	-	194
	-	19,417	13,358	13,700	13,899	13,059
	563,754	615,942	648,810	643,261	653,428	771,782
	563,754	635,708	662,370	656,961	667,327	785,035
	14,368,657	15,895,979	16,556,208	16,064,393	16,465,920	17,322,975

NEVADA COMMUNITY SCHOOL DISTRICT

EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 975,954	\$ 1,085,636	\$ 1,074,285	\$ 1,154,109
Support Services	28,870	37,593	33,643	5,680
Operating Grants and Contributions	1,789,780	1,683,945	1,184,031	1,164,797
Capital Grants and Contributions	94,375	49,927	117,088	-
Total governmental activities program revenues	2,888,979	2,857,101	2,409,047	2,324,586
Business-Type Activities:				
Food Service Operations:				
Charges for Services	317,759	339,902	347,314	367,572
Operating Grants and Contributions	180,674	187,350	190,492	204,845
Capital Grants and Contributions	-	-	-	-
Total business-type activities program revenues	498,433	527,252	537,806	572,417
Total primary government program revenues	3,387,412	3,384,353	2,946,853	2,897,003
Net (Expense)/Revenue				
Total governmental activities net expense				
Total business-type activities net (expense) revenue	(9,849,302)	(9,995,629)	(10,709,133)	(11,927,011)
	(12,897)	(13,447)	(24,185)	13,785
Total primary government net expense	\$ (9,862,199)	\$ (10,009,076)	\$ (10,733,318)	\$ (11,913,226)

Source: School District Financial Records

	2007	2008	2009	2010	2011	2012
\$	1,078,361	\$ 1,134,381	\$ 1,082,449	\$ 1,030,208	\$ 1,020,925	\$ 1,293,350
	1,963	1,984	43,473	20,907	45,968	79,110
	1,429,221	1,972,974	1,910,991	2,897,484	2,082,308	2,308,371
	19,940	62,196	-	-	759,124	4,136,811
	<u>2,529,485</u>	<u>3,171,535</u>	<u>3,036,913</u>	<u>3,948,599</u>	<u>3,908,325</u>	<u>7,817,642</u>
	361,080	370,583	389,375	394,698	363,456	375,585
	239,455	253,139	256,107	312,259	329,311	343,378
	-	-	-	-	-	-
	<u>600,535</u>	<u>623,722</u>	<u>645,482</u>	<u>706,957</u>	<u>692,767</u>	<u>718,963</u>
	<u>3,130,020</u>	<u>3,795,257</u>	<u>3,682,395</u>	<u>4,655,556</u>	<u>4,601,092</u>	<u>8,536,605</u>
	(11,927,011)	(12,088,736)	(12,856,925)	(11,458,833)	(11,890,268)	(8,720,298)
	<u>41,903</u>	<u>(11,986)</u>	<u>(16,888)</u>	<u>49,996</u>	<u>25,440</u>	<u>(66,072)</u>
\$	<u>(11,885,108)</u>	\$ <u>(12,100,722)</u>	\$ <u>(12,873,813)</u>	\$ <u>(11,408,837)</u>	\$ <u>(11,864,828)</u>	\$ <u>(8,786,370)</u>

NEVADA COMMUNITY SCHOOL DISTRICT

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS

Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Total Governmental Activities net expense	\$ (9,849,302)	\$ (9,995,629)	\$ (10,709,133)	\$ (11,927,011)
Total business-type activities net revenue (expense)	(12,897)	(13,447)	(24,185)	13,785
Total primary government net expense	<u>\$ (9,862,199)</u>	<u>\$ (10,009,076)</u>	<u>\$ (10,733,318)</u>	<u>\$ (11,913,226)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property tax levied for:				
General purposes	\$ 3,513,697	\$ 3,881,126	\$ 3,739,413	\$ 4,106,936
Debt service	501,424	440,351	444,929	438,498
Capital outlay	237,413	299,342	274,973	279,787
Income surtax	-	-	-	-
Sales tax	-	1,055,437	1,514,873	1,362,867
Unrestricted grants and contributions	5,669,116	5,514,650	5,794,091	6,020,105
Nonspecific program federal grants	-	-	-	-
Miscellaneous	126,203	79,695	42,720	46,514
Investment earnings	57,239	34,998	73,848	242,954
Transfers	-	-	-	13,948
Extraordinary items	-	-	-	-
Total governmental activities general revenues	<u>10,105,092</u>	<u>11,305,599</u>	<u>11,884,847</u>	<u>12,511,609</u>
Business-type activities:				
Miscellaneous	-	-	-	-
Investment earnings	2,487	1,215	1,775	2,591
Transfers	-	-	-	(13,948)
Total business-type activities general revenues	<u>2,487</u>	<u>1,215</u>	<u>1,775</u>	<u>(11,357)</u>
Total primary government	<u>10,107,579</u>	<u>11,306,814</u>	<u>11,886,622</u>	<u>12,500,252</u>
Changes in Net Assets				
Governmental activities	255,790	1,309,970	1,175,714	584,598
Business-type activities	(10,410)	(12,232)	(22,410)	2,428
Total primary government	<u>\$ 245,380</u>	<u>\$ 1,297,738</u>	<u>\$ 1,153,304</u>	<u>\$ 587,026</u>

Source: School District Financial Records

2007	2008	2009	2010	2011	2012
\$ (11,927,011)	\$ (12,088,736)	\$ (12,856,925)	\$ (11,458,833)	\$ (11,890,268)	\$ (8,720,298)
13,785	(11,986)	(16,888)	49,996	25,440	(66,072)
<u>\$ (11,913,226)</u>	<u>\$ (12,100,722)</u>	<u>\$ (12,873,813)</u>	<u>\$ (11,408,837)</u>	<u>\$ (11,864,828)</u>	<u>\$ (8,786,370)</u>

\$ 3,778,248	\$ 3,756,206	\$ 3,648,552	\$ 3,972,925	\$ 4,468,324	\$ 4,218,791
439,108	447,359	408,359	407,479	411,979	409,776
285,331	297,244	310,904	323,783	342,385	356,414
405,401	327,752	367,425	381,785	403,325	395,075
1,545,767	1,504,206	1,549,800	1,467,841	1,470,798	1,658,000
6,419,498	6,733,643	6,806,429	5,777,496	6,642,372	6,652,762
-	-	-	-	340,684	213,809
85,161	229,554	161,698	75,179	119,446	34,134
375,139	207,223	105,977	140,386	102,267	77,023
-	(150)	-	-	-	-
-	-	(37,282)	-	-	-
13,333,653	13,503,037	13,321,862	12,546,874	14,301,580	14,015,784

26,404	-	-	-	3,813	-
3,867	3,039	976	282	730	604
-	150	-	-	-	-
30,271	3,189	976	282	4,543	604

13,363,924	13,506,226	13,322,838	12,547,156	14,306,123	14,016,388
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1,406,642	1,414,301	464,937	1,088,041	2,411,312	5,295,486
44,056	(8,797)	(15,912)	50,278	29,983	(65,468)

<u>\$ 1,450,698</u>	<u>\$ 1,405,504</u>	<u>\$ 449,025</u>	<u>\$ 1,138,319</u>	<u>\$ 2,441,295</u>	<u>\$ 5,230,018</u>
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NEVADA COMMUNITY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2003	2004	2005	2006
General Fund:				
Reserved	\$ 74,910	\$ 66,718	\$ 51,872	\$ 42,953
Unreserved	1,083,068	\$ 1,002,208	\$ 555,314	580,670
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 1,157,978</u>	<u>\$ 1,068,926</u>	<u>\$ 607,186</u>	<u>\$ 623,623</u>
All Other Governmental Funds:				
Reserved				
Debt service funds	\$ 99,238	\$ 97,823	\$ 99,190	\$ 1,661,818
Other reserved	-	-	-	-
Unreserved, reported in:				
Capital projects funds	586	761,202	6,861,916	5,088,600
Special revenue funds	172,359	96,669	53,780	223,223
Restricted for the following purposes:				
Debt service	-	-	-	-
School infrastructure	-	-	-	-
Physical plant and equipment	-	-	-	-
Management levy purposes	-	-	-	-
Student activity	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 272,183</u>	<u>\$ 955,694</u>	<u>\$ 7,014,886</u>	<u>\$ 6,973,641</u>

Notes: For the fiscal year ending 2011 the District implemented Government Accounting Standards Board Statement 54 which now classifies fund balance into restricted, committed, assigned and unassigned categories.

Source: School District Financial Records

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 63,394	\$ 70,527	\$ 139,028	\$ 284,756	\$ -	\$ -
806,162	719,898	588,479	570,918	-	-
-	-	-	-	328,749	401,934
-	-	-	-	54,000	26,961
-	-	-	-	98,862	102,280
-	-	-	-	1,274,047	1,686,656
<u>\$ 869,556</u>	<u>\$ 790,425</u>	<u>\$ 727,507</u>	<u>\$ 855,674</u>	<u>\$ 1,755,658</u>	<u>\$ 2,217,831</u>
\$ 2,161,963	\$ 2,030,288	\$ 2,024,502	\$ 5,785,423	\$ -	\$ -
-	-	-	-	-	-
1,502,874	1,453,287	1,507,892	3,269,576	-	-
243,431	307,641	222,615	305,693	-	-
-	-	-	-	4,953,232	2,013,206
-	-	-	-	1,219,992	1,175,513
-	-	-	-	283,287	250,564
-	-	-	-	11,208	175,466
-	-	-	-	160,534	140,174
-	-	-	-	-	(47,759)
<u>\$ 3,908,268</u>	<u>\$ 3,791,216</u>	<u>\$ 3,755,009</u>	<u>\$ 9,360,692</u>	<u>\$ 6,628,253</u>	<u>\$ 3,707,164</u>

NEVADA COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Federal sources:				
Federal sources	\$ <u>1,010,719</u>	\$ <u>924,937</u>	\$ <u>286,117</u>	\$ <u>261,805</u>
State Sources				
State sources	<u>6,550,557</u>	<u>6,323,721</u>	<u>6,599,717</u>	<u>6,923,097</u>
Intermediate sources:				
Intermediate sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Local sources:				
Local taxes	4,248,066	5,663,327	5,946,502	6,188,088
Tuition	441,690	521,868	605,500	561,729
Other revenues	743,809	706,802	799,971	839,014
Total local sources	<u>5,433,565</u>	<u>6,891,997</u>	<u>7,351,973</u>	<u>7,588,831</u>
Total Revenues	\$ <u><u>12,994,841</u></u>	\$ <u><u>14,140,655</u></u>	\$ <u><u>14,237,807</u></u>	\$ <u><u>14,775,733</u></u>

Source: School District Financial Records

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ <u>275,655</u>	\$ <u>302,886</u>	\$ <u>368,105</u>	\$ <u>1,333,583</u>	\$ <u>1,590,824</u>	\$ <u>1,084,570</u>
<u>7,464,747</u>	<u>8,230,951</u>	<u>8,306,423</u>	<u>7,279,946</u>	<u>8,144,467</u>	<u>8,686,429</u>
<u>35,252</u>	<u>10,378</u>	<u>11,793</u>	<u>9,509</u>	<u>10,491</u>	<u>11,843</u>
6,380,883	6,371,211	6,289,506	6,509,565	7,086,356	7,024,048
570,688	612,406	660,237	666,435	627,440	805,606
<u>1,060,102</u>	<u>1,169,612</u>	<u>761,336</u>	<u>641,018</u>	<u>738,972</u>	<u>4,209,427</u>
<u>8,011,673</u>	<u>8,153,229</u>	<u>7,711,079</u>	<u>7,817,018</u>	<u>8,452,768</u>	<u>12,039,081</u>
\$ <u><u>15,787,327</u></u>	\$ <u><u>16,697,444</u></u>	\$ <u><u>16,397,400</u></u>	\$ <u><u>16,440,056</u></u>	\$ <u><u>18,198,550</u></u>	\$ <u><u>21,821,923</u></u>

NEVADA COMMUNITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Instruction	\$ 7,942,483	\$ 8,214,156	\$ 8,662,269	\$ 8,338,486
Student services	1,239,799	1,181,547	629,174	553,116
Instructional staff services	352,329	211,985	427,449	485,660
Administration services	861,525	918,783	850,800	920,449
Operations and maintenance of plant services	1,039,942	1,108,813	945,924	1,114,473
Pupil transportation services	372,395	500,143	456,739	440,249
Other support services	132,551	-	-	-
Non-instructional programs	20,497	20,782	29,210	19,210
AEA flowthrough	448,043	417,513	412,669	427,831
Capital outlay:				
Facilities acquisition/construction	94,965	411,634	1,827,335	5,867,298
Debt service:				
Principal	443,662	500,452	522,337	583,833
Interest and fiscal charges	159,098	72,297	48,668	214,048
	<u>\$ 13,107,289</u>	<u>\$ 13,558,105</u>	<u>\$ 14,812,574</u>	<u>\$ 18,964,653</u>
Debt service as a percentage of noncapital expenditures	<u>4.82%</u>	<u>4.41%</u>	<u>4.01%</u>	<u>4.39%</u>

Source: School District Financial Records

	2007	2008	2009	2010	2011	2012
\$	8,833,840	\$ 9,473,916	\$ 9,472,683	\$ 9,439,695	\$ 9,329,002	\$ 10,354,718
	562,967	704,624	721,981	723,389	755,352	767,385
	561,912	608,542	530,324	589,576	752,153	680,026
	968,569	1,068,481	1,145,952	1,130,226	1,188,237	1,253,032
	1,171,874	1,213,458	1,254,225	1,198,608	1,237,995	1,160,057
	578,190	742,370	616,057	476,125	498,694	516,590
	-	-	-	-	-	-
	28,606	26,332	14,535	4,622	1,897	-
	462,464	493,418	506,098	553,617	560,349	508,759
	4,016,239	1,277,204	927,262	6,037,039	3,871,655	5,499,364
	1240977	1121526	1023434	1023796	1130884	2834821
	382,445	318,246	330,569	561,658	783,386	706,112
\$	<u>18,808,083</u>	<u>\$ 17,048,117</u>	<u>\$ 16,543,120</u>	<u>\$ 21,738,351</u>	<u>\$ 20,109,604</u>	<u>\$ 24,280,864</u>
	9.45%	9.22%	8.91%	7.87%	10.52%	17.07%

NEVADA COMMUNITY SCHOOL DISTRICT

OTHER FINANCING SOURCES (USES) AND NET CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2003	2004	2005	2006
Excess of revenues over (under) expenditures	\$ (112,448)	\$ 582,550	\$ (574,767)	\$ (4,188,920)
Other financing sources (uses)				
Issuance of general obligation bonds	-	-	-	4,100,000
Issuance of revenue bonds	-	-	6,000,000	-
Capital lease purchase agreement	-	-	140,999	-
Issuance of anticipatory warrants	-	-	-	-
Redemption of anticipatory warrants	-	-	-	-
Refunding debt issued	1,985,000	-	-	-
Payment to refunding escrow agent	(1,975,000)	-	-	-
Premium on bonds	-	-	31,220	46,514
Sale of capital assets	-	11,909	-	3,650
Transfers in	108,136	130,983	127,443	1,879,742
Transfers out	(108,136)	(130,983)	(127,443)	(1,865,794)
Extraordinary items	-	-	-	-
Total other financing sources (uses)	10,000	11,909	6,172,219	4,164,112
Net change in fund balances	\$ (102,448)	\$ 594,459	\$ 5,597,452	\$ (24,808)

Source: School District Financial Records

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ <u>(3,020,756)</u>	\$ <u>(350,673)</u>	\$ <u>(145,720)</u>	\$ <u>(5,298,295)</u>	\$ <u>(1,911,054)</u>	\$ <u>(2,458,941)</u>
-	-	-	-	-	-
-	-	-	10,981,587	77,699	-
198,477	87,918	80,754	-	-	-
-	-	-	-	-	1,000,000
-	-	-	-	-	(1,000,000)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	39,389	-	-
2,839	66,722	3,123	11,169	900	25
1,118,837	947,206	939,732	4,392,514	730,477	1,252,989
(1,118,837)	(947,356)	(939,732)	(4,392,514)	(730,477)	(1,252,989)
-	-	(37,282)	-	-	-
<u>201,316</u>	<u>154,490</u>	<u>46,595</u>	<u>11,032,145</u>	<u>78,599</u>	<u>25</u>
\$ <u><u>(2,819,440)</u></u>	\$ <u><u>(196,183)</u></u>	\$ <u><u>(99,125)</u></u>	\$ <u><u>5,733,850</u></u>	\$ <u><u>(1,832,455)</u></u>	\$ <u><u>(2,458,916)</u></u>

NEVADA COMMUNITY SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Actual Value			Less Exemptions	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Other Property			
2003	\$ 250,019,749	\$ 45,297,208	\$ 86,273,759	\$ 118,605,591	\$ 262,985,125	\$ 14.90901
2004	259,852,241	49,152,959	125,090,251	173,739,394	260,356,057	15.77656
2005	267,623,886	47,286,724	66,172,976	146,572,129	234,511,457	16.59480
2006	274,600,449	46,620,972	66,546,901	151,266,981	236,501,341	17.76519
2007	302,790,752	47,679,083	60,227,881	172,954,503	237,743,213	17.75500
2008	310,544,423	47,470,233	60,498,524	179,031,956	239,481,224	17.72244
2009	338,485,981	46,399,192	64,625,968	200,558,626	248,952,515	16.43213
2010	344,747,412	47,107,600	77,673,871	202,587,794	266,941,089	16.45943
2011	353,353,416	47,196,143	90,826,200	199,641,447	291,734,312	17.03265
2012	371,578,600	16,348,330	149,325,107	212,636,319	324,615,718	15.61389

Source: Story County Auditor

Notes: Property is assessed on a calendar year basis. The assessments finalized as of January 1 of each year are applied to the following fiscal year. Assessed value equals estimated actual value.

(a) Per \$1,000 of assessed value.

NEVADA COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

(Rate per \$1,000 of assessed value)

(Unaudited)

Fiscal Year Ended June 30,	District Direct Rates			Overlapping Rates		
	General Purposes	Capital Purposes	Total	Story County	City of Nevada	Community College
2003	\$ 12.34480	\$ 2.56421	\$ 14.90901	\$ 6.66890	\$ 14.19251	\$ 0.54584
2004	13.30551	2.47105	15.77656	6.24548	14.35684	0.58184
2005	13.97663	2.61817	16.59480	6.43930	14.87863	0.59856
2006	15.19793	2.56726	17.76519	6.61371	14.88108	0.68408
2007	15.25833	2.49667	17.75500	6.74790	14.87874	0.68688
2008	15.22244	2.50000	17.72244	6.61712	14.87874	0.60276
2009	14.11868	2.31345	16.43213	6.75930	15.12870	0.56386
2010	14.20095	2.25848	16.45943	6.89497	15.12870	0.56778
2011	14.82939	2.20326	17.03265	6.73556	15.00435	0.56008
2012	13.46417	2.14972	15.61389	6.53519	15.00435	0.59018

Source: Story County Auditor

Notes: Assessed value equals estimated actual value.

NEVADA COMMUNITY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Ten Years Ago
(Unaudited)

Taxpayer	2012			2002		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Lincolnway Energy LLC	\$ 10,870,282	1	3.49%	\$ -	-	-
Union Pacific Corporation	10,579,041	2	3.40%	-	-	-
Heart of Iowa Coop	6,418,800	3	2.06%	4,033,212	2	1.33%
Burke Marketing Corporation	5,363,700	4	1.72%	2,564,000	3	0.84%
Flexi-Coil Inc-Ctr	2,483,200	5	0.80%	2,364,472	4	0.78%
PR Investments LLC	2,147,900	6	0.69%	-	-	-
General Financial Supply Inc	1,749,000	7	0.56%	-	-	-
Evergreen Lane Inc	1,723,588	8	0.55%	-	-	-
Paragon International	1,540,100	9	0.49%	-	-	-
Flummerfelts country Club Est	1,496,900	10	0.48%	-	-	-
IES Utilities	-	-	-	4,223,587	1	1.39%
Union Pacific Corporation (Grant Township)	-	-	-	1,985,610	5	0.65%
Hubert Family Trust	-	-	-	1,744,200	6	0.57%
Union Pacific Corporation (Nevada Township)	-	-	-	1,504,818	7	0.49%
Fareway Stores, Inc	-	-	-	1,426,955	8	0.47%
Iowa Falls Nursing Corp	-	-	-	1,355,289	9	0.45%
Meadows Apartment Ltd.	-	-	-	1,317,158	10	0.43%
Total	\$ 44,372,511		14.24%	\$ 22,519,301		7.40%

Source: Story County Auditor

NEVADA COMMUNITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of the Levy		Amount	Percentage of the Levy
2003	\$	3,984,839	\$ 3,954,835	99.25%	\$ 109	\$ 3,954,944	99.25%
2004		4,342,119	4,335,055	99.84%	31,869	4,366,924	100.57%
2005		4,113,720	4,071,818	98.98%	10,184	4,082,002	99.23%
2006		4,433,104	4,457,388	100.55%	-	4,457,388	100.55%
2007		4,456,193	4,505,212	101.10%	198	4,505,410	101.10%
2008		4,541,972	4,538,358	99.92%	3,614	4,541,972	100.00%
2009		4,338,131	4,370,394	100.74%	7,768	4,378,162	100.92%
2010		4,631,954	4,659,939	100.60%	-	4,659,939	100.60%
2011		5,184,295	5,067,736	97.75%	561	5,068,297	97.76%
2012		4,847,252	4,843,492	99.92%	1,212	4,844,704	99.95%

Source: Story County Treasurer and District records.

NEVADA COMMUNITY SCHOOL DISTRICT

OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Revenue Bonds	Capital Leases	Capital Loan Notes	Early Retirement	Compensated Absences	Net OPEB Liability
2003	1,985,000	-	-	427,112	43,223	-	-
2004	1,595,000	-	-	316,660	54,043	-	-
2005	1,185,000	6,000,000	140,999	204,323	35,499	-	-
2006	4,870,000	6,000,000	91,489	85,000	43,864	-	-
2007	4,450,000	5,335,000	218,989	-	16,181	-	-
2008	4,100,000	4,650,000	220,381	-	15,241	-	-
2009	3,865,000	3,940,000	222,701	-	114,641	66,978	34,147
2010	3,620,000	14,310,000	173,905	-	7,320	49,932	51,477
2011	3,360,000	13,550,000	140,720	-	98,643	30,581	85,061
2012	3,090,000	11,100,000	25,900	-	77,912	3,685	122,059

Source: School District financial records.

Notes: Details of the District's outstanding debt can be found in Note 8 in the notes to the financial statements.

(a) See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior year calendar year.

Business Type Activities			
Net OPEB Liability	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
-	2,455,335	11.00%	\$ 31
-	1,965,703	0.07%	25
-	7,565,821	0.31%	94
-	11,090,353	0.43%	138
-	10,020,170	0.37%	125
-	8,985,622	0.31%	113
206	8,243,673	0.27%	98
305	18,212,939	0.59%	215
362	17,265,367	0.55%	199
-	14,419,556	0.43%	162

NEVADA COMMUNITY SCHOOL DISTRICT

RATIO OF NET BONDED DEBT TO ASSESSED VALUES
Last Ten Fiscal Years
(Unaudited)

Year of Collection	Population (a)	Assessed Property Value	Legal Debt Limit	Bonded Debt	Ratio of Bonded Debt to Assessed Value	Bonded Debt per Capita
2002-03	80,719	\$ 381,590,716	\$ 20,873,890	\$ 1,985,000	0.52%	24.59
2003-04	80,261	434,095,451	21,656,722	1,595,000	0.37%	19.87
2004-05	80,239	381,083,586	21,109,701	7,185,000	1.89%	89.54
2005-06	79,787	387,768,322	21,761,450	10,870,000	2.80%	136.24
2006-07	83,804	410,697,716	23,021,473	9,875,000	2.40%	117.83
2007-08	84,752	418,513,180	24,064,336	8,750,000	2.09%	103.24
2008-09	86,754	449,511,141	26,020,293	7,805,000	1.74%	89.97
2009-10	89,285	469,528,883	25,881,662	17,930,000	3.82%	200.82
2010-11	89,575	491,375,759	24,568,779	16,910,000	3.44%	188.78
2011-12	89,663	567,252,037	28,362,602	14,190,000	2.50%	158.26

Source: School District financial records.

Notes: Assessed Property Value is total of Residential, Commercial, and Other Property Value on Schedule 8.

(a) U S Census Web Site

NEVADA COMMUNITY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Last Ten Fiscal Years

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Direct and Overlapping Debt
Story County	\$ 8,115,756	9.18%	\$ 685,439
City of Nevada	14,038,000	100.00%	14,038,000
Area XI Community College	74,420,000	0.89%	663,948
Subtotal, overlapping debt			15,387,387
District direct debt			14,419,556
Total direct and overlapping debt			\$ 29,806,943

Source: Taxable value data used to estimate applicable percentages provided by the County Auditor.

Debt outstanding data provided by each governmental unit to the State Treasurer.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

NEVADA COMMUNITY SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(Unaudited)

	2003	2004	2005	2006
Debt limit	\$ 20,873,890	\$ 21,656,722	\$ 21,109,701	\$ 21,761,450
Total net debt applicable to limit	427,112	316,660	204,323	85,000
Legal debt margin	<u>\$ 20,446,778</u>	<u>\$ 21,340,062</u>	<u>\$ 20,905,378</u>	<u>\$ 21,676,450</u>
Total net debt applicable to the limit as a percentage of debt limit	2.05%	1.46%	0.97%	0.39%

Source: School District financial records and Story County Auditor.

Notes:

(a) Actual assessed value includes Tax Increment Financing

(b) Code of Iowa Section 296.1

Legal Debt Margin Calculation for Fiscal Year 2012

Actual assessed value (a) \$ 567,252,037

Debt limit (5% of assessed value) (b) \$ 28,362,602

Debt applicable to limit 14,419,556

Legal debt margin 13,943,046

	2007	2008	2009	2010	2011	2012
\$	23,021,473	\$ 24,064,336	\$ 26,020,293	\$ 25,881,662	\$ 24,568,779	\$ 28,362,602
	-	-	-	18,103,905	17,050,720	14,419,556
\$	<u>23,021,473</u>	\$ <u>24,064,336</u>	\$ <u>26,020,293</u>	\$ <u>7,777,757</u>	\$ <u>7,518,059</u>	\$ <u>13,943,046</u>
	0.00%	0.00%	0.00%	69.95%	69.40%	50.84%

NEVADA COMMUNITY SCHOOL DISTRICT

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Sales Tax Revenue Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2003	-	-	-	-
2004	1,055,437	-	-	-
2005	1,514,873	-	-	-
2006	1,362,867	-	122,710	11.11
2007	1,545,767	665,000	200,053	1.79
2008	1,504,206	685,000	178,784	1.74
2009	1,549,800	710,000	155,045	1.79
2010	1,467,841	730,000	389,262	1.31
2011	1,470,798	760,000	622,580	1.06
2012	1,658,000	785,000	594,770	1.20

Source: School District financial records.

Notes: Details regarding the District's outstanding debt can be found in
Note 8 of the notes to the financial statements.

NEVADA COMMUNITY SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
 (Unaudited)

Calendar Year	Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income	Unemployment Rate (c)
2002	80,719	2,190,377	27,136	2.50%
2003	80,261	2,880,797	35,893	2.80%
2004	80,239	2,417,680	30,131	3.00%
2005	79,787	2,553,304	32,002	3.30%
2006	83,804	2,728,284	32,556	3.50%
2007	84,752	2,895,000	33,942	3.70%
2008	86,754	3,052,147	35,400	5.70%
2009	89,285	3,106,000	34,790	4.80%
2010	89,575	3,143,000	35,087	5.30%
2011	89,663	3,356,023	37,429	4.50%

Notes:

The data provided is for Story County, Iowa

(a) U S Census Web Site

(b) Bureau of Economic Analysis Web Site

(c) Iowa Workforce Development Web Site

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NEVADA COMMUNITY SCHOOL DISTRICT

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(Unaudited)

Employer	2012			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Story County	373	1	3.77%	373	1	3.55%
Burke Marketing	350	2	3.53%	270	2	2.57%
Nevada Community School District	220	3	2.22%	220	3	2.10%
Story County Medical Center	200	4	2.02%	200	4	1.90%
ALMACO	150	5	1.51%	70	6	0.67%
General Financial Supply	115	6	1.16%	125	5	1.19%
Mid-America Manufacturing	75	7	0.76%	32	9	0.30%
Paragon International	56	8	0.57%	29	10	0.28%
Printgraphics	55	9	0.56%	55	7	0.52%
City of Nevada	45	10	0.45%	44	8	0.42%
	<u>1,639</u>		<u>16.55%</u>	<u>1,418</u>		<u>13.50%</u>

Source: Nevada Economic Development Council web site

NEVADA COMMUNITY SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE

Last Ten Fiscal Years

(Unaudited)

	Full-Time Equivalent Employees as of June 30,				
	2003	2004	2005	2006	2007
Supervisory:					
Superintendent	1.0	1.0	1.0	1.0	1.0
Principals	3.0	3.0	3.0	3.0	3.0
Assistant principals	1.5	1.5	0.5	0.5	0.3
All other administrators	4.5	3.5	4.5	4.5	4.8
Total supervisory	10.0	9.0	9.0	9.0	9.1
Instruction:					
Teachers	119.2	110.0	106.3	110.7	101.9
Teachers' Aides	29.0	21.0	20.5	25.0	24.0
Other	1.5	1.5	1.5	1.5	1.5
Total instruction	149.7	132.5	128.3	137.2	127.4
Student services:					
Counselors	4.0	4.0	3.3	3.3	3.3
Nurses	3.0	3.0	2.0	2.0	2.0
Librarians	3.0	2.5	2.5	2.5	2.0
Total student services	10.0	9.5	7.8	7.8	7.3
Support and administration:					
Office/Clerical	5.5	7.5	7.0	6.5	10.5
Operative	16.5	19.0	10.0	12.0	12.0
Service	8.5	7.5	34.5	35.0	19.2
Other support	12.0	14.5	7.5	2.0	9.5
Total support and administration	42.5	48.5	59.0	55.5	51.2
Total	212.2	199.5	204.1	209.5	195.0

Source: District records

Full-Time Equivalent Employees as of June 30,					Percentage Change 2003-2012
2008	2009	2010	2011	2012	
1.0	1.0	1.0	1.0	1.0	0.0%
3.0	3.0	3.0	3.0	3.0	0.0%
0.3	0.7	0.7	0.7	0.7	-53.3%
4.8	4.8	4.8	4.8	4.8	6.7%
9.1	9.5	9.5	9.5	9.5	-5.0%
111.4	105.6	105.7	100.7	102.8	-13.8%
26.0	39.0	38.0	43.0	43.0	48.3%
0.5	0.0	0.0	8.0	0.0	-100.0%
137.9	144.6	143.7	151.7	145.8	-2.6%
3.3	5.3	5.3	5.0	5.0	25.0%
2.1	2.1	2.1	2.0	2.0	-33.3%
2.0	2.0	2.0	2.0	2.0	-33.3%
7.4	9.4	9.4	9.0	9.0	-10.0%
9.7	9.7	9.5	9.4	8.0	45.5%
15.0	11.0	26.0	22.0	25.0	51.5%
25.0	16.0	21.0	25.0	22.0	158.8%
12.0	6.0	6.0	0.0	0.0	0.0%
61.7	42.7	62.5	56.4	55.0	29.4%
216.1	206.2	225.1	226.6	219.3	3.3%

NEVADA COMMUNITY SCHOOL DISTRICT

OPERATING STATISTICS

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Enrollment (1)	Operating Expenditures (2)	Cost Per Pupil	Percentage Change
2003	1,451	12,409,564	8,552	58.00%
2004	1,392	12,573,722	9,033	5.62%
2005	1,443	12,414,234	8,603	(4.76)%
2006	1,417	12,299,474	8,680	0.89%
2007	1,404	13,168,422	9,379	8.06%
2008	1,505	14,331,141	9,522	1.53%
2009	1,485	14,261,855	9,604	0.86%
2010	1,470	14,144,431	9,622	0.19%
2011	1,481	14,134,506	9,544	(0.81)%
2012	1,461	14,619,994	10,007	4.85%

Source: School District financial records and Iowa Department of Education.

Notes: N/A = not available.

(1) Average daily membership

(2) Operating expenditures are total governmental expenditures less debt service and capital outlays.

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Priced Meals
13,249,611	9,131	N/A	119.20	12.17	20.6%
13,393,429	9,622	5.37%	110.00	12.65	22.5%
13,680,171	9,480	(1.47)%	106.30	13.57	23.4%
14,810,229	10,452	10.25%	105.60	13.42	21.9%
14,386,046	10,246	(1.96)%	101.90	13.78	26.0%
15,895,979	10,562	3.08%	113.45	13.27	27.0%
16,556,208	11,149	5.56%	112.90	13.15	24.0%
16,064,394	10,928	(1.98)%	105.70	13.91	24.0%
16,465,920	11,118	1.74%	100.70	14.71	32.0%
17,322,975	11,857	6.65%	102.80	14.21	35.0%

NEVADA COMMUNITY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

Last Ten Fiscal Years
(Unaudited)

School	Fiscal Year			
	2003	2004	2005	2006
Elementary:				
Central (2006)				
Square feet	91,000	91,000	91,000	53,000
Capacity	700	700	700	400
Enrollment	546	524	548	298
North Central (2006)				
Square feet	-	-	-	12,000
Capacity	-	-	-	200
Enrollment	-	-	-	131
Middle:				
Nevada Middle School (1991)				
Square feet	73,000	73,000	73,000	73,000
Capacity	600	600	600	600
Enrollment	484	471	446	546
High:				
Nevada High School (1962 / 2011)				
Square feet	115,000	115,000	115,000	115,000
Capacity	750	750	750	750
Enrollment	670	669	641	676
Other District Facilities:				
Bus Garage (1988)				

Source: District Records

Notes: Due to construction, third and fourth grades were housed temporarily in the Middle School during fiscal year 2006. Multiage classes were housed at North Central Elementary.

Fiscal Year					
2007	2008	2009	2010	2011	2012
103,000	103,000	103,000	103,000	103,000	103,000
800	800	800	800	800	800
595	595	595	602	688	688
12,000	12,000	12,000	12,000	12,000	12,000
200	200	200	200	200	200
15	15	15	15	15	15
73,000	73,000	73,000	73,000	73,000	73,000
600	600	600	600	600	600
546	546	546	410	431	431
115,000	115,000	115,000	115,000	125,790	125,790
750	750	750	750	870	870
676	676	676	428	438	438

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Single Audit Section

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

Grantor / Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U. S. Department of Agriculture:			
Iowa Department of Education:			
Child Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 12	\$ 37,302
National School Lunch Program	10.555	FY 12	296,551 *
Special Milk Program for Children	10.556	FY 12	3,272
			<u>337,125</u>
U. S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	4617-G	140,790
Title I Grants to Local Educational Agencies	84.010	4617-GC	10,689
			<u>151,479</u>
Fund for the Improvement of Education	84.215	FY 12	<u>35,335</u>
Improving Teacher Quality State Grants	84.367	FY 11	2,604
Improving Teacher Quality State Grants	84.367	FY 12	43,906
			<u>46,510</u>
Grants for State Assessments and Related Activities	84.369	FY 12	<u>9,497</u>
Education Jobs Fund	84.410	FY 11	209,547
Education Jobs Fund	84.410	FY 12	4,262
			<u>213,809</u>
Heartland Area Education Agency:			
Special Education - Grants to States	84.027	FY 12	<u>76,203</u>
Enhancing Education through Technology	84.318	FY 12	<u>830</u>
Iowa State University:			
Federal Work-Study Program	84.033	FY 12	<u>6,024</u>
Ames Community School District:			
Career and Technical Education - Basic Grants to States	84.048	FY 11	<u>8,195</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Hazard Mitigation Grant	97.039	HMGP- DR1763-0065	<u>415,418</u>
Total			<u>\$ 1,300,425</u>

*Includes \$54,958 of non-cash awards

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Nevada Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Nevada Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Nevada Community School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 5, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Nevada Community School District is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered Nevada Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nevada Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Nevada Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-12 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-12 and II-C-12 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nevada Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Nevada Community School District's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Nevada Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Nevada Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Nevada Community School District and other parties to whom Nevada Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Nevada Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
December 5, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of
Nevada Community School District:

Compliance

We have audited Nevada Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Nevada Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Nevada Community School District's management. Our responsibility is to express an opinion on Nevada Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nevada Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Nevada Community School District's compliance with those requirements.

In our opinion, Nevada Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Nevada Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Nevada Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We noted no matters involving internal control over compliance that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Nevada Community School District and other parties to whom Nevada Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
December 5, 2012

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness and significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.556 – Special Milk Program for Children
 - CFDA Number 97.039 – Hazard Mitigation Grant
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Nevada Community School District did not qualify as a low-risk auditee.

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

- II-A-12 Financial Reporting – During the audit, we identified a material misstatement of receivables in the District’s financial statements in the Capital Projects Fund. An adjustment was subsequently made by the District to properly record these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables are properly recorded in the District’s financial statements.

Response – This was due to a prior year receivable that was not reversed correctly in the general ledger. We will make sure all receivables are properly recorded in the future.

Conclusion – Response accepted.

- II-B-12 Fundraisers – We noted in our testing of Special Revenue, Student Activity Fund fundraisers that no fundraiser reconciliations are prepared by the activity sponsors.

Recommendation – The District should adopt and enforce a policy which requires a fundraiser reconciliation to be completed by sponsors for all fundraisers. This reconciliation should tie total sales receipts to the related bank deposits and reconcile receipts to the related disbursements. This would help to determine if the fundraiser met the expected profit margin and to ensure all sales money has been collected and deposited.

Response – We will consider implementing these recommended fundraiser procedures.

Conclusion – Response accepted.

- II-C-12 Interest Receipt – We noted a receipt for interest on a certificate of deposit that was recorded in the General Fund but should have been recorded in the Capital Projects Fund since the investment was from that fund.

Recommendation – The District should transfer \$20,255 from the General Fund to the Capital Projects Fund for this receipt.

Response – We will make the recommended corrective transfer for this receipt.

Conclusion – Response accepted.

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-12 Certified Budget – District expenditures for the year ended June 30, 2012 exceeded the certified amount in the non-instructional programs function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – We will more carefully monitor expenses and modify the budget where appropriate in the future.

Conclusion – Response accepted.

- IV-B-12 Questionable Expenditures – We noted during our audit that the District purchased clothing for coaches out of the Special Revenue, Student Activity Fund. Purchasing clothing for coaches does not appear to meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

Recommendation – Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since Student Activity Funds are "public funds" the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District should refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups. The costs associated with the clothing should be reimbursed from the employee or added to their W-2's as additional compensation.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing for coaches and other District employees in lieu of using public funds.

Response – We will be more attentive to this in the future.

Conclusion – Response accepted.

- IV-C-12 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-12 Business Transactions – Business transactions between the District and District officials are noted as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kevin Cooper, Teacher Owner of Cooper Trucking	Purchased services	\$30

In accordance with an Attorney's General opinion dated July 2, 1990, the above transaction does not appear to represent a conflict of interest.

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting (continued):

- IV-E-12 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-12 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-12 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-12 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-12 Certified Annual Report – We noted no significant deficiencies on the Certified Annual Report. However, the report was not certified to the Iowa Department of Education timely.

Recommendation – In the future, the District should certify the Certified Annual Report in a timely manner.

Response – We will certify our Certified Annual Report in a timely manner in the future. The facilities reporting was the only part that was completed late.

Conclusion – Response accepted.

- IV-K-12 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

NEVADA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Part IV: Other Findings Related to Required Statutory Reporting (continued):

- IV-L-12 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	2,309,890
Revenues:			
Sales tax revenues	\$	1,658,000	
Contributions		3,308,156	
Other local revenues		<u>193,137</u>	5,159,293
Expenditures/transfers out:			
School infrastructure construction		4,642,026	
Equipment		517,291	
Transfers to other funds:			
Debt Service Fund		<u>1,134,353</u>	<u>6,293,670</u>
Ending balance		\$	<u><u>1,175,513</u></u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.